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International financial system and development

Report of the Secretary-General

Summary

The present report, responding to General Assembly resolution 56/181 of 21 December 2001, describes recent developments in the international financial system that have a special relevance to development, bearing in mind the outcome of the International Conference on Financing for Development. It contains estimates of the mainly negative net transfer of financial resources of groups of developing countries in 2001 and updates developments in the past year in international financial reform. Specific conclusions are shown in boldface type in the body of the report.

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I. Introduction

1. The General Assembly has been considering in annual debates since its fiftieth session the opportunities and challenges of international financial flows of developing countries. The opportunities were mainly seen in the contribution such flows could make to the financing of development. The challenges were mainly seen in the potential for financial instability embodied in some of these very same flows. At its fifty-sixth session, the Assembly decided to continue to discuss the international financial system and development and requested that the Secretary-General prepare a report on the matter to be submitted to the Assembly at its fifty-seventh session, bearing in mind, inter alia, the outcome of the International Conference on Financing for Development (Assembly resolution 56/181 of 21 December 2001).

2. A separate report highlights the salient features of the financing for development process and the main aspects of the International Conference, which was held at Monterrey, Mexico from 18 to 22 March 2002.[1] The main outcome document of the Conference, the Monterrey Consensus of the International Conference on Financing for Development,[2] has become a new point of departure for policy-making on the interrelations of domestic and international finance, trade and development. The Monterrey Consensus covered more issues than are the subject of the present report, but it also drew a number of policy conclusions about issues considered in General Assembly discussions on the international financial system and development.

3. With this context in mind, this report updates information on the net foreign transfer of financial resources by developing countries and on major developments in selected policy areas since the previous report on this subject was prepared.[3]

II. Net transfer of financial resources of developing countries

4. For the fifth year in a row, the developing countries have made a net outward transfer of financial resources (see table). This means the net foreign payment of investment income and capital outflow exceeded the developing countries' capital inflow and earnings on their foreign assets. Moreover, it was the third year in a row that the net transfer was an outflow exceeding $100 billion, although the outflow was smaller in 2001 than in 2000.

Net transfer of financial resources to developing countries, 1993-2001[a]

(Billions of dollars)

	1993	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001[b]*
Africa, *of which*	2.5	3.6	4.5	-6.9	-4.6	15.1	3.8	-18.3	-8.9
Sub-Saharan (excluding Nigeria and South Africa)	11.9	6.9	6.0	7.1	6.2	10.1	12.7	3.7	4.8
Eastern and Southern Asia	10.0	2.1	23.0	25.4	-28.5	-128.0	-131.6	-111.1	-102.6
Western Asia	39.0	7.7	7.4	1.2	4.2	30.4	-4.7	-54.6	-36.2
Latin America and the Caribbean	14.8	20.6	1.1	4.5	27.8	48.4	12.0	-2.4	0.8
Developing countries, total	**66.3**	**33.9**	**36.0**	**24.2**	**-1.3**	**-34.1**	**-120.4**	**-186.4**	**-146.9**
Memorandum item: heavily indebted poor countries (HIPC)	12.2	8.5	9.4	9.3	10.2	13.0	9.4	3.6	6.5

Source: *World Economic and Social Survey, 2002* (United Nations publication, Sales No. E.02.II.C.1), chap. II.

[a] Positive numbers are a net inward transfer and negative numbers are a net outward transfer, in each case comprising the net result of all inflows and outflows of investment, lending, official transfers, investment income payments and reserve accumulation. Country groupings are as defined in *World Economic and Social Survey, 2002*.

[b] Preliminary estimate.

5. By definition, the net transfer is the financial offset of the balance of trade in goods and services.[4] Thus, if the trade surplus declines, the outflow declines, as the net transfer of financial resources is the result of concurrent developments in the trade and financial accounts. In 2001, the most significant factors in developing-country trade were the weakness in exports associated with the global economic slowdown and much reduced revenues from tourism and travel following the 11 September terrorist attacks. These factors tended to reduce trade surpluses and increase trade deficits and financing needs. However, for many countries without access to adequate compensating finance, export weakness quickly translated into curtailed imports. Coupled with the reduction in import demand owing to weaker domestic economic conditions, this tended to have the reverse effect on the trade balances. Moreover, on the financial side, the crises in Argentina and Turkey resulted in severe economic contraction and large reductions in imports, inevitable outcomes of the reduction in their external financing.

6. In Africa, Eastern and Southern Asia, and Western Asia, there was a substantial net outward transfer of financial resources in 2001, albeit smaller than that in 2000. The large net outward resource transfers from Eastern and Southern Asia reflected the continuing, but diminishing, consequences of the 1997 financial crisis, as foreign financial institutions continued to reduce their exposure to the region and as official post-crisis loans were being repaid. In Latin America, the preliminary 2001 estimates suggest that there was no net transfer to or from the region as a whole. There was a significant reduction of private financing, but a large increase in official lending to the region.

7. There was a small net inward transfer of financial resources to sub-Saharan Africa and to the heavily indebted poor countries (HIPCs), which are mainly in Africa. As these countries were also hit with low commodity export prices, their financial inflow needs were far from being met, especially as they have very limited access or capacity to service private financial flows. **It remains of critical importance that the international community substantially increase the flow of official development assistance (ODA) and fully provide the appropriate debt reduction for low-income countries, as agreed in the Monterrey Consensus.**

8. Excluding the net foreign payment of interest and profits and the accumulation of official reserves, there was a net financial inflow to developing countries in 2001 of $63 billion.[5] Net official financial flows rose in 2001, mainly because of the increase in international assistance to countries in financial distress, particularly by the International Monetary Fund (IMF). Foreign direct investment (FDI) in developing economies, as a whole, remained robust, if not in all countries, and the terrorist attacks appear to have had limited immediate impact on FDI.[6]

9. However, FDI was the sole net source of private financial inflow; that is to say, there were large net outflows of private credit, lumping all types of lending together. In part, this was the result of continued caution exercised by foreign lenders to emerging markets, as well as constrained developing-country demand for financing. It also reflected the cut-off in private lending to countries in crisis, particularly Argentina and Turkey, as well as net repayments of private credits by several East Asian countries. Owing to the net overall withdrawal of private credit, official flows exceeded net private financial flows for the first time in many years. **More robust, yet sustainable, private financial flows to developing economies are warranted and implementing the domestic and international policies outlined in the Monterrey Consensus is important to rebuilding them.**

III. Reform of the international financial system

10. As part of its holistic approach to policy, the Monterrey Consensus addressed the ongoing reform of the international financial architecture. It called for sustaining the reform efforts "with greater transparency and the effective participation of developing countries and countries with economies in transition" (para. 53). Over the past year, international work on the reform effort included continuing development of international standards and codes for macroeconomic policy-making and financial regulation. Particular attention was drawn during 2001-2002 to concerns about corporate financial reporting, auditing and governance, especially in developed countries. There was also intensified cooperation on fighting money-laundering and thus both corruption and terrorist financing, and there was further consideration of the public and private role in preventing and resolving economic and financial crises.

In addition, the Bretton Woods institutions reviewed their relationship with countries in economic distress, and considered new approaches to sovereign debt restructuring and the adequacy of official resources to combat economic crises.

A. International standards and codes and their implementation

11. Various international bodies have been engaged in developing and fostering adoption, especially by developing economies and countries with economies in transition, of key standards and codes of behaviour in several economic and financial areas. The Monterrey Consensus, in addressing this issue, said it was essential to ensure that the implementation of the codes was carried out on a voluntary and progressive basis, with effective and equitable participation of developing countries in their formulation (para. 57).

12. The overall expectation has been that the confidence of potential investors in emerging economies would increase based on the knowledge that their Governments and enterprises followed international standards and codes. It was always understood that the implementation of standards and codes was a long-term strategy for confidence-building. The fact that it was also understood by practitioners that further work was needed to make standards and codes more applicable to emerging market conditions underlines the importance ore adequate participation of such countries in designing these standards, as well as ensuring access to adequate technical assistance to implement them.

Fallout from accounting scandals

13. Developments over the past year, however, underlined a different issue, namely, the critical importance of thorough implementation of such standards in developed as much as in developing and transition economies; that is to say, there has been a deepening focus over the past year on corporate accounting shortcomings. The adoption of international accounting standards (IAS) has been one of the priority areas of reform for developing and transition economies. Those countries have long been criticized for being lax in complying with the IAS that they formally introduced. However, the recent corporate failures and heightened uncertainty about the strength of balance sheets and earnings of a number of corporations, especially in the United States of America, signal that problems in financial reporting and auditing of companies around the world might be more widespread than imagined.

14. The problem highlighted by recent corporate disclosures is that standards are only as strong as their implementation. They are undermined by poor compliance by firms and by sub-standard auditing that condones poor compliance wherever it may occur. **It is the responsibility of all countries to curtail accounting abuse and restore the confidence of investors in the quality of financial accounts, whether in developed, developing or transition economies. The new International Accounting Standards Board (IASB) can make a major contribution to strong and appropriate accounting standards.[7] In addition, the devising of appropriate incentives for accounting firms to follow agreed professional standards and of disincentives to prevent abuse of these standards warrants greater international attention.**

15. The growing instances of accounting irregularities at major corporations have raised a concern about whether those irregularities might have systemic consequences. The Financial Stability Forum (FSF), which brings together the key financial officials of the major industrialized countries and the main international bodies on financial regulation issues, has taken up this matter. At its seventh meeting in March 2002, FSF discussed financial stability issues arising from the spate of recent large corporate failures. FSF saw the need for rapid progress in strengthening corporate governance, accounting standards and audit quality, while also enhancing corporate public disclosure and the quality and independence of monitoring of firms by investment advisers. Members reviewed initiatives that had been set in train by national authorities and by the key international regulatory bodies and decided to strengthen coordination of this work. FSF will further discuss the issues involved and the possible courses of action at its next meeting in September 2002.

Outreach by limited membership bodies

16. The concern noted above in the Monterrey Consensus that countries to which standards and codes apply should participate in their development has had a resonance in FSF. The Monterrey Consensus encouraged "ad hoc groupings that make policy

recommendations with global implications", inter alia, to "continue to improve their outreach to non-member countries" (para. 63). Indeed, FSF, at its March 2002 meeting, welcomed and recommended broad dissemination of a report on "Supervisory guidance on dealing with weak banks" that had been jointly prepared by experts from developed and emerging market economies, working through the Core Principles Liaison Group of the Basel Committee on Banking Supervision (BCBS). The Committee, the major international forum on standards for national banking oversight, comprises central bank and regulatory authorities of 10 major industrialized countries (G-10). Its Core Principles Liaison Group includes G-10 and non-G-10 senior supervisors, IMF and the World Bank.

17. In addition, FSF has initiated regional meetings of its own with FSF and non-FSF members in order to enable non-members to inject their perspectives into its work. As of April 2002, two meetings had been held in Latin America and one each in Asia and Central and Eastern Europe. The initial response to these meetings has been positive. **Such efforts as those of FSF and the Basel Committee to broaden the participation in the discussion on financial system vulnerabilities and reforms should be encouraged**.

Banking regulation and supervision

18. One of the most important regulatory developments since the 1997-1998 financial crisis is the proposal by BCBS for a new capital adequacy framework to replace the 1988 Basel Capital Accord. The new rules aim to tie banks' capital more closely to their risk exposures, although formulating the new standards has proved difficult.[8]

19. The first draft of the proposed new accord, circulated in June 1999, had received mixed assessments and a revised draft was released in January 2001. There have been strong concerns about parts of this draft as well.[9] One concern is that the revised rules are enormous in number and complexity, while not giving due consideration to the structural characteristics of domestic financial systems in different countries. It has been argued that it would probably be better and more realistic to seek agreement on broad principles and modes of behaviour rather than aim at uniform application of highly complex and prescriptive rules. It has also been suggested that standards should not be set so as to require micro-oversight of the supervised institutions and that caution is necessary so as not to disrupt or destroy settled markets by adopting approaches that could have serious unintended consequences. In particular, new standards should avoid imposing a significant and unwarranted increase in the cost of credit of developing countries or of small and medium-sized enterprises; nor should they create incentives for greater pro-cyclicality in lending.[10]

20. In response to these concerns, BCBS has delayed the implementation deadline, which was initially set at 2004, and agreed to draft a third consultative package. The Committee will focus on reducing the complexity of current proposals, making them more applicable to different domestic financial systems, and seek to refine its determination of the amounts of capital to be set aside to cover different product areas, raising some and reducing others, so that the amount of capital in the global banking system stays at about current levels. Also, before the next draft of the rules is released, an additional review will be made, aimed at assessing the quantitative impact of the proposals on banks and banking systems.

21. At this point, it is not clear what the final product of BCBS will look like or when it will be implemented. **Adequate time is needed to make certain that the new Basel capital framework reflects and reinforces the best contemporary practices and does not put a disproportionate burden on any particular financial market structure, market segment, economic sector or group of countries, underlining the continuing importance of broad consultations and outreach**.

B. Cooperation to combat corruption, money-laundering and terrorist financing

22. There has been an increasing agreement in all countries of the deep damage done to societies by the corruption of officials and of the valuable assistance that countries can give each other in fighting corruption. One frequently seen aspect of corruption is the disguising and moving of illicitly acquired funds across borders, that is to say, "money-laundering". This can be done through unregulated — in some cases, illegal — money transfer systems; but when the funds are large, the formal financial systems of source and

destination countries are almost inevitably involved in the funds transfers.

23. Corruption is just one source of money for money-laundering; crimes, the drug trade and human trafficking are some other examples. "Laundered" funds are moved across borders through informal and formal financial systems. This applies equally to the financing of terrorism, the funds for which may originate in legal activities. There is thus considerable interest in the abuse of formal and informal financial systems for corrupt, illegal and terrorist purposes.

24. After the 11 September 2001 attacks on New York and Washington, D.C., national authorities and international organizations undertook a number of initiatives to better track and trap funds that had been laundered. In particular, the Security Council established the "Counter-Terrorism Committee" (CTC), which has been reviewing national efforts, country by country, and working with countries to prevent and suppress the financing of terrorist acts.[11] In addition, the Financial Action Task Force on Money Laundering (FATF) in an extraordinary plenary meeting on 29 and 30 October 2001 expanded its mission to include detection and prevention of the misuse of the world financial system by terrorists. This has led it, for example, to develop special guidance, released in April 2002, for financial institutions to help them detect the techniques and mechanisms used in the financing of terrorism.[12]

25. IMF and the World Bank are working in consultation with FATF to complete a comprehensive methodology to assess observance of the standard on anti-money-laundering and combating the financing of terrorism (AML/CFT). Discussions continue with FATF on the options for assessment modalities, including those that could lead to an AML/CFT review under the programme of reviews of standards and codes (ROSCs). **To complement these efforts, enhancing the delivery of technical assistance to developing and transition economies to implement anti-money-laundering initiatives is crucial.**[13]

26. Moreover, the General Assembly launched negotiations in 2002 to create a broad and effective United Nations convention against corruption, which should address corruption in all its aspects, including the repatriation of funds illicitly acquired (resolution 56/260 of 31 January 2002). The States Members of the United Nations committed themselves in the Monterrey Consensus to finalizing this convention as soon as possible and also to promoting stronger cooperation to eliminate money-laundering (para. 65). **Meanwhile, it is also important that all countries ratify and implement fully the United Nations instruments to counter the financing of terrorism, freeze terrorist assets, establish financial intelligence units and ensure the sharing of information.**[14]

C. Review of surveillance and conditionality in the Bretton Woods institutions

27. In response to the past policy failures and the long-running disappointment with the economic situation in many low-income countries — as well as the realization that policy-making has to be domestically "owned" in order to be effectively implemented — the Bretton Woods institutions have been reassessing their relationship with the countries that they support. They have also been concerned about global risks that might emanate from policy inconsistencies among the major industrialized countries and the potential volatility of international financial markets. Each of these concerns was reflected, as well, in the Monterrey Consensus (paras. 54-56). The 2002 "Spring meetings" of the Bretton Woods institutions took stock of policy in a number of specific areas in this regard.

28. The International Monetary and Financial Committee (IMFC), in its April meeting, reviewed the reform of IMF policies on surveillance and the policy conditions for the use of Fund resources.[13] Concerning surveillance, it agreed that IMF should place stronger emphasis on assessing the global impact of policies in individual countries, particularly the largest, as well as on international vulnerabilities that may arise from instability in individual countries and international financial markets. In addition, more candid and comprehensive assessments of exchange arrangements should be made. The Committee also decided that in assessments of matters outside the core expertise of IMF, the Fund should draw more effectively on non-Fund sources, as well as further integrate the work on multilateral and regional surveillance with its traditional country-level surveillance conducted under Article IV consultations.

29. The aim of the review of conditionality associated with the use of Fund resources has been to focus better on priorities, in other words, on macroeconomic and structural policies that are critical to the objectives of the programme — and to strengthen national ownership of reform programmes. However, the streamlining of IMF conditions must not be accompanied by an expansion of conditionality by the World Bank and regional development banks. The test of the success of this conditionality review will be less in the formulation of new policy guidelines than in how the new approach is implemented.

The overall burden of conditionality must be reduced

30. A theme that permeates the recent reviews of creditor and donor relationships with recipient countries is that of enhanced national ownership of policy programmes. The mechanism to put this thinking into practice in low-income countries is the consultative process for developing the Poverty Reduction Strategy Papers (PRSPs). The joint IMF/World Bank Development Committee observed in April 2002 that progress had been made in enhancing ownership, but it also recognized that there was scope for improvement, notably in extending participatory processes for the elaboration and monitoring of PRSPs, implementing pro-poor growth policies, and better aligning the programmes of multilateral and bilateral development agencies with country strategies.[16] **In sum, while there have been encouraging developments in the "PRSP approach", as in the reviews of surveillance and conditionality, these should be seen as works in progress that warrant continued international attention.**

D. New thinking about sovereign debt restructuring

31. It has been recognized that the change in the composition of external creditors of emerging markets, in particular the substitution of bond financing for a considerable share of commercial bank lending, has made the mechanisms used for orderly restructuring of unsustainable sovereign debt in the late 1980s and early 1990s insufficient. In addition, the recent international strategy to involve private creditors more intensively in the resolution of sovereign debt crises has had a number of ambiguities, leaving the markets uncertain about how their claims would be treated in a crisis situation. Whether or not official and private creditors of a sovereign debtor in crisis would be treated comparably has also become a source of dispute. There is also a concern that some countries may have exited their debt restructuring exercises without a sustainable debt situation.

32. The Monterrey Consensus sought to orient international policy reform, in this regard, when it emphasized "the importance of putting in place a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between public and private sectors and between debtors, creditors and investors" (para. 51).

33. Two broad approaches to reform of the debt workout mechanism are now being explored.[17] The first approach involves creation of a sovereign debt restructuring mechanism (SDRM), which would establish a statutory framework that would make it easier for a sovereign debtor and a specified majority of its creditors to reach what should be an effective debt restructuring agreement that would be binding on all involved creditors. The proposed workout procedures are loosely modelled on Chapter 11 of the United States Bankruptcy Code, which deals with corporations. Currently, work on the legal, institutional and procedural aspects of the proposal is under way. The implementation of the proposal could require new international treaties, changes in national legislation, or amendments to the Articles of Agreement of IMF. This would take time. According to IMF, even with unanimous political support (which is not anticipated), SDRM could not be in place for at least two to three years.

34. The second approach aims to achieve much the same results as the statutory approach, but in a decentralized manner, by encouraging debtors to change the terms of their bond contracts. Under this approach, each sovereign borrower would introduce new clauses aimed to facilitate reaching a debt restructuring agreement should the country have a debt crisis. Advocates of this approach argue that the international official sector should work with borrowers and creditors to draw up clauses that would be as effective as possible and to create incentives to encourage the incorporation of the new terms in debt contracts.[18] It is believed that the second approach could be implemented much faster than SDRM.

35. Most lenders as well as many borrowers are concerned that the invoking of an SDRM in the event of a sovereign debt-servicing crisis might limit their options. This concern gives them an incentive to quickly develop alternatives within the contractual approach, especially as work is advancing on developing the SDRM proposal. Consequently, the two-pronged strategy of reform, compared with commitment at this point to either approach in isolation, has a built-in mechanism that may speed up innovation and development of a comprehensive approach to resolving debt crises.

36. Government leaders in adopting the Monterrey Consensus said that "to promote fair burden-sharing and minimize moral hazard, we would welcome consideration by all relevant stakeholders of an international debt workout mechanism, in the appropriate forums, that will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner" (para. 60). **In order to carry out these Monterrey guidelines, it is important that the international consideration of the major debt reform proposals be as inclusive as possible in order to be as effective as possible**.

E. Official financing for crisis resolution

37. Along with the efforts to prevent and resolve financial crises, the international community has a long-standing responsibility to provide adequate financial support to assist countries in undertaking appropriate economic adjustments to balance-of-payments problems. Overall responsibility in this regard is assigned to IMF, although other multilateral financial institutions and bilateral donors and creditors may also support the adjustment programmes. Indeed, in a world of liberalized capital movements, the counter-crisis campaigns of recent years have entailed mobilization of very large amounts of funds. The Monterrey Consensus underlined "the need to ensure that the international financial institutions, including IMF, have a suitable array of financial facilities and resources to respond in a timely and appropriate way in accordance with their policies" (para. 59). The question addressed over the past year was whether or not this has been the case.

IMF resources

38. Recently, IMF has made substantial commitments of funds to a number of emerging market economies, as a result of which its "usable resources" have fallen significantly.[19] The Fund remains financially sound and, if need be, it can borrow substantial financial resources from member countries in a position to lend them through the New Arrangements to Borrow and the General Arrangements to Borrow. However, being able to deploy a large amount of its own resources should an emergency arise is generally viewed as the Fund's soundest position from which to operate.

39. In January 2002, IMF began the Twelfth General Review of Quotas, which could lead to an increase in its lendable resources. **As past IMF quota increases failed to keep pace with the growth of world output, international trade or especially capital flows, a substantial increase in quotas is warranted**.

40. Not only do quotas serve as the primary source of lendable IMF resources, but their allocation to countries also determines the limits for borrowing from the Fund of each member and its votes in Fund governance. It is widely recognized that the quota structure has not fully reflected changes in the world economy and the relative economic position of member countries over time.[20] **Arriving at a consensus on a new quota formula that addresses the allocation of quotas as well as their total amount should be a priority**.

41. Along with an adequate amount of resources, there needs to be an adjustment of the forms of their provision in a timely fashion to changing circumstances. Since the 1997-1998 crisis, IMF has designed two new facilities, while four little-used facilities have been eliminated. The new facilities, the Supplemental Reserve Facility (SRF) and the Contingent Credit Line (CCL), were introduced in 1997 and 1999, respectively. SRF was established to provide large, relatively short-term loans to countries hit by capital-account crisis. Recently, there have been proposals to set limits to the amount of lending through the SRF. However, it has been argued that such limits may diminish the effectiveness of the SRF in restoring market confidence and thereby raise the risk of contagion. Hence, changes in policy that would limit access to the SRF need very careful consideration.

42. The CCL was designed to manage contagion. Besides providing external liquidity during an

emergency, it is seen to have a preventive function that, by providing an agreed credit line in advance, could help inhibit a sudden withdrawal of external credit. However, its implementation has been a disappointment. As of June 2002, no member country had availed itself of the facility despite its modification in 2000 to make it more attractive to recipients. The key problem is that potential users of the facility are concerned that application for it would in itself raise suspicions in the market that their financial situation had weakened, thereby reducing rather than strengthening confidence in the country. **One proposal that might be considered is to add to IMF surveillance an option to automatically qualify a country for the CCL if it meets certain benchmarks in its annual Article IV consultation.**

Other multilateral resources

43. While IMF takes the lead role in negotiating financial rescue programmes and their financial packages, other multilateral financial institutions and bilateral donors or creditors have in many cases provided complementary financing, especially for social imperatives during an adjustment period. In this context, in May 2002, the World Bank introduced a structural adjustment counterpart to the CCL, the "deferred drawdown option" (DDO), to protect core structural programmes should a country face reduced access to international financial markets. A DDO gives borrowers the option of deferring the adjustment loan's disbursement for up to three years, provided that overall programme implementation and the macroeconomic framework remain adequate.

44. The DDO, like most structural adjustment and sector lending by the multilateral development banks, carries "non-concessional" borrowing terms. However, the multilateral banks — like IMF through its Poverty Reduction and Growth Facility — also provide highly concessional financing, some of which can be used in support of adjustment efforts. Because a controversy was holding up agreement on replenishment of the resources of the International Development Association (IDA), the concessional facility of the World Bank, for the three-year period beginning in July 2002 ("IDA-13"), the capacity of the World Bank to extend multilateral concessional finance in the short term was in doubt.[21] Meanwhile, negotiations to replenish the African Development Fund (ADF), the soft loan window of the African Development Bank, also extended beyond their targeted conclusion. "ADF IX", covering the period 2002-2004, should have begun operations in January 2002. The countries that draw on the resources of these facilities have incomes that are too low to be able to service the normal loans of these institutions. Agreement among major donors on the IDA-13 controversy appears to have been reached at the end of June 2002. **High priority should be accorded to resolving all differences that have impeded completion of the IDA and ADF replenishments. It may be hoped that the replenishments are fully agreed before this report comes before the General Assembly.**

Provision of special drawing rights (SDRs)

45. In the 1960s, before the collapse of the Bretton Woods system of semi-fixed exchange rates, IMF created a reserve asset called the special drawing right (SDR) to be used primarily in transactions among central banks to settle payments imbalances. SDRs were allocated to IMF member countries according to their quotas and if countries used them (held less than their allocation), they paid interest on the amounts used and, equally, if they received them on a net basis, they received interest on the amount above the allocation.

46. The IMF membership has not approved a new general SDR allocation for over 20 years. The reason is that a long-term global need to supplement existing reserve assets, an essential requirement for an SDR allocation to be approved, has not been found. As a result, contrary to the initial objective of making the SDR the "principal reserve asset" of the international monetary system, SDRs account for a very small and declining share of reserve holdings.[22] The Monterrey Consensus called for keeping the need for SDR allocations "under review" (para. 59).

47. An exception to the global-need criterion for allocating new SDRs was made in 1997 to allow for a special one-time-only "equity" allocation, which would double cumulative SDR allocations to almost SDR 43 billion (about $54 billion). The special allocation would correct for the fact that more than one fifth of the IMF membership joined after 1981 and has thus never received an SDR allocation (although all countries would receive some of the new SDRs). Because the allocation is structured in a new way, implementation requires ratification of an amendment to the IMF Articles of Agreement, which requires acceptance by three fifths of the IMF membership (110

countries), having 85 per cent of the total voting power. As of end-February 2002, 117 members having 73 per cent of the total voting power had accepted the proposed amendment. As the United States holds about 17 per cent of the voting power, its ratification of the amendment is required to adopt the proposal.

48. Proposals to renew SDR allocations have been increasing in recent years. They include the temporary issue of SDRs during the episodes of world financial crisis,[23] as well as permanent and regular allocations so as to provide resources to countries that have limited access to international private credit and no ability to use their own currencies to settle international claims. The Monterrey Consensus took note of the proposal to use SDR allocations for development purposes (para. 44). There have also been proposals to use SDRs to finance the provision of global public goods and for new modalities of international development cooperation.[24] **Such discussions of strengthening the use of SDRs should be further encouraged.**

IV. Conclusion: enhancing the coherence and consistency of the international monetary, financial and trading system in support of development

49. One of the insights in the financing for development process that was embedded in the Monterrey Consensus is that neither financial issues, nor trade, nor development cooperation should be considered in isolation.

50. At the country level, the importance of consistency between financial sector development and the degree of capital-account openness is now widely recognized. Equally important, however, is the balance between external financial and trading opportunities. In essence, foreign borrowing is deferred exports (in other words, foreign exchange must be earned in the future to repay foreign exchange borrowed today). Thus, even if a robust domestic financial sector in a developing country appropriately absorbs foreign capital inflows, the situation might become difficult if export opportunities do not also expand adequately. Consequently, open trade, especially of developed-country trading partners, is of vital importance to open finance.

51. Such concerns are reflected, inter alia, when senior international financial officials enter into the policy debates in favour of global trade liberalization and against the protection that countries afford to specific sectors, such as agriculture, textiles and steel. They may also point out that many developed countries still heavily subsidize a number of products, and developing countries that are efficient producers of those products have to compete in third countries against those subsidized products.[25] Enlarging market access for developing countries and phasing out trade-distorting subsidies, especially in agriculture, would benefit the broad majority of people in both rich and poor countries. **Indeed, improving market access of developing countries should be a global priority.**

52. By the same token, senior international trade officials want to see robust international financial flows, not only to increase investment and economic growth in capital-importing countries, but also to facilitate trade itself; that is to say, net transfers of financial resources, recent trends in which were discussed in section II above, allow countries to have surpluses or deficits in their balance of trade, rather than cause them to have to match the total value of imports and exports of goods and services every year. Trade officials should welcome the trade smoothing and investment increasing opportunities from net financial transfers. However, they might be concerned about premature negative net transfers (aggregate trade surpluses) of developing countries. They might equally be concerned about unsustainably large inward transfers, which have implications for excessive growth of external debt relative to the capacity to service it. Countries that fall into debt crises become poor markets for other countries' exports. **Indeed, sustainable financing of trade and investment in developing countries should also be a global priority.**

53. These concerns are reflected in the section of the Monterrey Consensus on systemic issues which begins (para. 52): "In order to complement national development efforts, we recognize the urgent need to enhance coherence, governance, and consistency of the international monetary, financial and trading systems. To contribute to that end, we underline the importance of continuing to improve global economic governance and to strengthen the United Nations leadership role in promoting development".

54. In the concluding section of the Monterrey Consensus, Governments committed themselves to staying "fully engaged, nationally, regionally and internationally", and went on to outline a set of guidelines (paras. 69-73) on how they would continue "to build bridges between development, finance, and trade organizations and initiatives, within the framework of the holistic agenda of the Conference" (para. 68). With the continuation of the good will embodied in the "Spirit of Monterrey", the international community can meet this challenge. The United Nations Secretariat is committed to fully supporting Governments, partner international institutions and other essential stakeholders in making this critical effort.

Notes

[1] A report of the Secretary-General on the outcome of the Conference has been prepared for the current session of the Assembly (see A/57/...).

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.11.A.7), chap. I, resolution 1, annex. The Monterrey Consensus was adopted by consensus on 22 March 2002.

[3] See report of the Secretary-General entitled "International financial architecture and development, including net transfer of resources between developing and developed countries" (A/56/173 and Add.1 and 2), 11 July and 17 August 2001.

[4] For additional discussion of the terms employed, see *World Economic Survey, 1986* (United Nations publication, Sales No. E.86.II.C.1), annex III.

[5] For additional details, see *World Economic and Social Survey, 2002* (United Nations publication, Sales No. E.02.II.C.1), chap. II.

[6] See United Nations Conference on Trade and Development (UNCTAD), "FDI downturn in 2001 touches almost all regions" (TAD/INF/PR37), 23 January 2002, for a detailed discussion.

[7] In 2001, the International Accounting Standards Committee, which had started in 1973 as a part-time voluntary organization for the harmonization of accounting and auditing standards worldwide, was converted into a full-time standard-setting body, called the International Accounting Standards Board (IASB). International Financial Reporting Standards, as the IASB output will be known, are to be based on the best international practice and are designed to improve on that practice in the light of new demands.

[8] For a discussion of the background to the proposed new Capital Accord, see report of the Secretary-General entitled "Towards a stable international financial system, responsive to the challenges of development, especially in the developing countries" (A/55/187), 27 July 2000, sect. IV.B.

[9] See Andrew Cornford, "The Basel Committee's proposals for revised capital standards: Mark 2 and the state of play", United Nations Conference on Trade and Development, Discussion Papers, No. 156 (September 2001).

[10] That is to say, lending that would disproportionately expand during booms and contract during slowdowns, thereby aggravating the economic cycle.

[11] Formally called the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism, CTC had received national reports from 155 Member States and others as of 30 May 2002 (for additional information on CTC, see http://www.un.org/Docs/sc/committees/1373).

[12] See FATF, *Guidance for Financial Institutions in Detecting Terrorist Financing*, Paris, 24 April 2002 (on the Internet at http://www.fatf-gafi.org/pdf/GuidFITF01_en.pdf).

[13] Representatives of IMF, the World Bank, FATF, the United Nations Global Programme against Money Laundering, CTC, the Egmont Group of Financial Intelligence Units and others are working to coordinate technical assistance and develop a better understanding of the demand and supply of technical assistance (TA) on AML/CFT, including the potential gaps and the need for additional resources to build institutional capacity. It is anticipated that there will be a significant need for additional resources for TA and to build institutional capacity.

[14] As of 10 April 2002, only 34 States had ratified the International Convention for the Suppression of the Financing of Terrorism, adopted by the General Assembly on 9 December 1999 and contained in the annex to Assembly resolution 54/109.

[15] Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund, Washington, D.C., 20 April 2002, paras. 7-10 and 14 (see *IMF Survey*, vol. 31, No. 8 (29 April 2002), pp. 118-122).

[16] Communiqué of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries (Development Committee), Washington, D.C., 21 April 2002, para. 4 (see *IMF Survey*, 29 April 2002, pp. 126-127).

[17] For a more detailed discussion of these proposals, see *World Economic and Social Survey, 2002*, chap. II.

[18] At the time of the 2002 Spring meetings of the Bretton Woods institutions, the Group of 7 Finance Ministers and Central Bank Governors, and the G-10 Finance Ministers and Central Bank Governors announced that they had decided to work on the decentralized approach to sovereign debt restructuring (see *IMF Survey*, 29 April 2002, pp. 127-129).

[19] As of March 2002, the Fund's liquidity ratio (the ratio of uncommitted usable resources to liquid liabilities) was 106.1, against 114.9 in 2001 and 163.7 in 2000.

[20] It has also been argued that voting strength in IMF has become excessively dependent on country quotas; that is to say, votes are allocated according to quota size plus "basic votes". Each member country has 250 basic votes plus 1 additional vote for every 100,000 special drawing rights (SDRs) of its quota. Because the number of basic votes per country has never increased, as quotas grew, the ratio of basic votes fell, from about 11 per cent of total votes in 1945 to about 2 per cent now. Raising the number of basic votes per country would raise the relative voting strength of the 157 Fund members (out of 183) that had below-average quotas. To do so, however, would require an amendment of the Fund's Articles of Agreement (see IMF, "Twelfth General Review of Quotas: preliminary considerations and next steps", 22 January 2002, annex 2).

[21] The most contentious issue has been what share of IDA resources should be provided as grants and for what purposes, instead of 35-40 year credits with annual service charges of 0.75 per cent on disbursed balances.

[22] In 2001, SDRs made up roughly 1 per cent of global holdings of foreign reserve assets.

[23] See the report of the Executive Committee on Economic and Social Affairs (ECESA/1/Rev.1) entitled "Towards a new international financial architecture", 25 June 2001, available on the Internet (at http://www.un.org/esa/coordination/ecesa/ecesa-1.pdf).

[24] A proposal along these lines was made at the International Business Forum of the Monterrey Conference (see George Soros, *George Soros on Globalization* (New York, Public Affairs (division of Perseus Books Group), 2002)).

[25] In this regard, developing countries point out that subsidies to agricultural products in developed countries are about $1 billion a day, which is equivalent to six times total official development assistance (communiqué of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, Washington, D.C., 19 April 2002, para. 11 (see *IMF Survey*, 29 April 2002, p. 131)).

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Strengthening the Terrorism Prevention Branch of the Secretariat

Report of the Secretary-General

Summary

The present report responds to the request of the General Assembly, contained in paragraph 103 of its resolution 56/253, for proposals to strengthen the Terrorism Prevention Branch of the Secretariat.

The report describes briefly the substantive, organizational and programme context, including the measures taken by the Commission on Crime Prevention and Criminal Justice to ensure the coordination and complementarity of its contributions with the work of the Counter-Terrorism Committee of the Security Council. The report provides a succinct review of the pertinent mandates of the Crime Prevention and Criminal Justice Programme, highlighting the important tasks to be performed by the Centre for International Crime Prevention in strengthening cooperation among Member States and in providing technical assistance to requesting countries in preventing and combating terrorism.

The report makes proposals for a strengthened programme of work for fulfilling effectively the expanded mandates. The focus is on the provision of assistance to Member States, upon request, for ratifying and implementing the 12 international conventions and protocols relating to terrorism. The programme of work would thus also contribute to the implementation of Security Council resolution 1373 (2001). Its main elements would be: (a) facilitation and/or provision of legislative assistance; (b) facilitation and/or provision of capacity-building assistance; (c) identification and dissemination of best practices; and (d) identification and promotion of awareness of links between terrorism and related crimes.

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Finally, the report identifies the resources required in the programme budget for the biennium 2002-2003 for implementing the strengthened programme of work.

The General Assembly is invited to review and approve the proposals for a strengthened programme of work and the corresponding resource allocations.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 56/253 of 24 December 2001, entitled "Questions relating to the proposed programme budget for the biennium 2002-2003". In paragraph 103 of that resolution, the Assembly requested the Secretary-General "to make proposals to strengthen the Terrorism Prevention Branch at the United Nations Office at Vienna to enable it to carry out its mandates as approved by the General Assembly, and to report thereon to the General Assembly for its consideration".

II. Substantive, organizational and programmatic background

A. Substantive context

2. The terrorist attacks of 11 September 2001 catapulted terrorism issues to the centre of the international debate and action on peace and security. They altered perspectives on national security, gave urgency to the question of concerted global action against terrorism, reinforced the need for a comprehensive approach in addressing terrorism and generated a critical examination of the complementary roles of the various relevant entities, including those within the United Nations Secretariat.

3. Prior to the attacks, the United Nations had long been seized of the issue of terrorism. Extensive work had been carried out by the General Assembly (especially its Sixth Committee), the Security Council and the Economic and Social Council. Since 1970, the United Nations Crime Prevention and Criminal Justice Programme and the quinquennial United Nations Congresses on the Prevention of Crime and Treatment of Offenders have been addressing terrorism as a form of serious crime. In particular, the Eighth Congress, in 1990, adopted a set of measures against international terrorism, which were endorsed by the General Assembly in its resolution 45/121. In 1994, the Naples Political Declaration and Global Action Plan Against Organized Transnational Crime (see A/49/748, annex) noted with grave concern the links between organized transnational crime and terrorist crimes. More recently, the Tenth Congress, in 2000, addressed terrorism in its Vienna Declaration on Crime and Justice: Meeting the Challenges of the Twenty-first Century, endorsed by the General Assembly in its resolution 55/59. Less than a week before the terrorist attacks of 11 September 2001, the Commission on Crime Prevention and Criminal Justice elaborated a plan of action against terrorism, as part of the plans of action for the implementation of the Vienna Declaration (General Assembly resolution 56/261, annex).

4. Following the terrorist attacks of 11 September 2001, the Security Council established the Counter-Terrorism Committee, which was mandated to monitor the implementation of Security Council resolution 1373 (2001) of 28 September 2001, under Chapter VII of the Charter of the United Nations. The Commission on Crime Prevention and Criminal Justice has acted to ensure the coordination and complementarity of its contributions with the work of the Committee. Issues related to terrorism were discussed at several bureau and intersessional meetings of the Commission held since 11 September 2001; and "Strengthening international cooperation in combating terrorism" was included as an additional item on the agenda of the Commission at its eleventh session, in April 2002. The main thrust of the Commission's orientation has been to foster the use of the institutional knowledge, experience and expertise acquired in the programme activities under its guidance as an effective supplementary contribution to the anti-terrorism work of the United Nations as a whole.

5. In its resolution 11/1, entitled "Symposium on the theme 'Combating international terrorism: the contribution of the United Nations'", adopted at its eleventh session, the Commission strongly encouraged Member States to participate in the preparations for the symposium and in the symposium itself. Convened in Vienna on 3 and 4 June 2002, the symposium was attended by 101 Member States, 10 intergovernmental organizations and six non-governmental organizations, as well as high-level representatives of the United Nations Secretariat. The symposium emphasized, inter alia, the crucial importance of implementing the recent mandates emanating from the plan of action against terrorism, as well as the essential role of technical assistance for implementing Security Council resolution 1373 (2001).

B. Organizational context

6. As part of the 1997 reform proposals of the Secretary-General, the Office for Drug Control and Crime Prevention was established in Vienna, comprising the United Nations International Drug Control Programme and the Centre for International Crime Prevention. The latter was established through the upgrading of the former Division for Crime Prevention and Criminal Justice. The aim was to concentrate in Vienna the various aspects of the Organization's work relating to the "uncivil" aspects of society, such as illicit drug trafficking and drug abuse, transnational organized crime, trafficking in human beings, illicit trafficking in and manufacturing of firearms, corruption and money-laundering. In that context, in its resolution 52/220 of 22 December 1997, the General Assembly approved the establishment of two new posts in the Centre for carrying out its mandates relating to terrorism. A Terrorism Prevention Branch was established within the Centre for International Crime Prevention, comprising these two posts. In the absence of a General Service post, secretarial support in the Branch has been made available through the use of general temporary assistance available to the Centre.

C. Programme of work

7. Due to the scarcity of resources, the Centre's terrorism-related work during the previous and current biennium has focused mainly on the provision of substantive servicing to relevant intergovernmental bodies and the conduct of research and analysis. Related activities have included the establishment and maintenance of databases, the creation of an archive and library on terrorism and counter-terrorism measures, coordination with the research community, the establishment of a roster of experts and the provision of specialized substantive input to United Nations system entities and other intergovernmental organizations, including for holding meetings and special events. Work has also been initiated on assembling a repertoire of responses to terrorism, aimed at creating an inventory of measures for the prevention and control of terrorism based on best practices and lessons learned. In response to the Centre's new mandates relating to the provision of technical assistance, a project proposal has been elaborated, entitled "Strengthening the legal regime against terrorism: promotion of the ratification, approval and acceptance of, and accession to, as well as the implementation of, the universal legal instruments related to the prevention and suppression of international terrorism". The project proposal offers a framework for facilitation and/or assistance to requesting Member States for acceding to and implementing anti-terrorism conventions. Partial funding for the project proposal has been pledged by some Member States. The project will be implemented in cooperation with the Office of Legal Affairs and the United Nations Interregional Crime and Justice Research Institute.

III. Review of the mandates

8. As noted in paragraph 3 above, the Commission on Crime Prevention and Criminal Justice and the Congresses on crime prevention had been engaged in terrorism-related issues, resulting in related mandates for the erstwhile Division for Crime Prevention and Criminal Justice and the Centre.

9. The Vienna Declaration on Crime and Justice: Meeting the Challenges of the Twenty-first Century, adopted by the Tenth Congress and endorsed by the General Assembly in its resolution 55/59, calls for specific action against terrorism. Pursuant to the invitation contained in the Declaration, the Commission elaborated plans of action for the implementation of the Declaration, including a plan of action against terrorism (General Assembly resolution 56/261, annex). That plan states in section VII.B, para. 24, that, subject to the availability of resources, the Centre will, in cooperation with other relevant international and regional organizations and in coordination with the Office of Legal Affairs of the Secretariat:

> "(a) Take steps to raise awareness of the relevant international instruments, encourage States to sign and ratify such instruments and, where feasible, provide assistance in implementing such instruments to States, upon request;
>
> "(b) In cooperation with Member States, take measures to raise public awareness of the nature and scope of international terrorism and its relationship to crime, including organized crime, where appropriate;

"(c) Continue to maintain existing databases on terrorism;

"(d) Offer analytical support to Member States by collecting and disseminating information on the relationship between terrorism and related criminal activities;

"(e) If further developments so require, draw up concrete proposals for consideration by Member States to strengthen the capacity of the Centre to develop, within its mandate, and administer the terrorism prevention component of its activities."

10. On the recommendation of the Commission at its eleventh session, the Economic and Social Council adopted a resolution in July 2002 entitled "Strengthening international cooperation and technical assistance within the framework of the activities of the Centre for International Crime Prevention in preventing and combating terrorism" (see E/2002/30, draft resolution VIII). In that resolution, the Council, inter alia, reaffirmed the important role that the Centre has to play in promoting effective action to strengthen international cooperation and in providing technical assistance, upon request, in preventing and combating terrorism, and reiterated its request to the Centre to promote effective measures to that effect. The Council stressed that the Centre should include in its activities the provision to States, upon request, of technical assistance for the signature, accession, ratification and effective implementation of the international conventions and protocols related to terrorism. It further stressed that the Centre should include in its activities the taking of measures, in cooperation with Member States, to raise public awareness of the nature and scope of international terrorism and its relationship to crime, including organized crime, where appropriate, continuing to maintain databases on terrorism and offering analytical support to Member States by collecting and disseminating information on the relationship between terrorism and related criminal activities, including research and analytical studies on the close connection between terrorist activities and other related crimes, such as drug trafficking and money-laundering. The Council also requested the Centre, within the framework of its technical assistance activities related to countering terrorism, to take measures to draw the relevant international conventions and protocols relating to various aspects of international terrorism to the attention of States that are not yet parties to them, with a view to assisting them, upon request, to become parties thereto.

11. In its resolution 1373 (2001) of 28 September 2001, the Security Council noted the links between transnational organized crime and terrorism. In its resolution 1377 (2001) of 12 November 2001, the Council recognized that many States would require assistance in implementing all the requirements of resolution 1373 (2001) and called for the exploration of ways in which States could be assisted through technical, legislative and other assistance programmes and in the preparation of model laws.

12. In its resolution 56/123 of 19 December 2001, the General Assembly reaffirmed the role of the Centre in providing to Member States, upon request, technical cooperation, advisory services and other forms of assistance in the field of crime prevention and criminal justice, including in the areas of prevention and control of transnational organized crime and terrorism. In the same resolution, the Secretary-General was invited "to consider, in consultation with Member States and the Commission on Crime Prevention and Criminal Justice, the ways in which the Centre could contribute to the efforts of the United Nations system against terrorism, in accordance with General Assembly and Security Council resolutions". Such consultations took place on 15 November 2001 and 14 January 2002, respectively, during two intersessional meetings of the Commission.

IV. Proposals for a strengthened programme of work

13. By resolution 55/234 of 23 December 2000, the General Assembly adopted the medium-term plan for the period 2002-2005. The overall objective of programme 12, of the medium-term plan "Crime prevention and criminal justice", is "to strengthen international cooperation and assistance provided to Governments in tackling crime problems, such as those posed by terrorism in all its forms and manifestations (A/55/6/Rev.1, para. 12.1)".

14. As already noted, the terrorism-related activities covered in the programme budget for the biennium 2002-2003, implemented through two professional-level posts, focus mainly on the substantive servicing of related intergovernmental bodies and data analysis. The reinforced and expanded mandates, especially those resulting from General Assembly resolutions

56/123 and 56/261 and the relevant Economic and Social Council resolution adopted in July 2002 (see E/2002/30, draft resolution VI), require a revised and strengthened programme of work that builds upon the related specialized expertise of the Centre, fosters synergy of action with the closely interlinked substantive areas of work of the United Nations International Drug Control Programme (such as illicit drug trafficking), maintains coordination with the Office of Legal Affairs, contributes to the attainment of the objectives of the Counter-Terrorism Committee and promotes collaboration with external partners, especially regional and subregional organizations and academic institutions.

15. A significant advantage of the proposed programme of work will be that it draws on and builds upon the considerable body of expertise and experience the Centre has developed in several related areas — for example, in the formulation of standards and norms in crime prevention and criminal justice; support for institution-building in criminal justice, including advisory services; mutual legal assistance and extradition; action against money-laundering (together with the Drug Control Programme's Global Programme against Money-Laundering); action against trafficking in persons and firearms; specialized training for law enforcement officials, prosecutors and judges; and the promotion of the entry into force of the United Nations Convention against Transnational Organized Crime and its three protocols, through, inter alia, the provision of pre-ratification assistance, especially in drafting requisite legislation.

16. Accordingly, an expanded programme of work and corresponding outputs, as described below, is proposed. In conformity with the principle of results-based programme budgeting, the expanded programme of work would reinforce capacity to fulfil the expectation identified in the 2002-2003 programme budget, namely, that the expertise provided by the Centre would enhance the capacity of Member States to respond, at the national, regional and international levels, to terrorism in all its forms and manifestations. Indicators of achievement would be (a) the extent to which the expertise provided by the Centre contributes to the enhancement of the capacity of Member States to respond to terrorism; (b) the number of countries receiving assistance from the Centre that become parties to the international legal instruments relating to terrorism; (c) the number of best practices in anti-terrorism collected and disseminated; and (d) increased awareness among government officials of the international legal instruments against terrorism and the nature and scope of international terrorism and its relationship to crime.

17. The proposed expanded programme of work consists of the following main elements:

18. **Facilitation and/or provision of legislative assistance**. The Centre would offer Member States pre-ratification assistance for, and advice on, the implementation of legal instruments against terrorism. This would include analysis of existing legislation and relevant institutions and the provision of assistance for updating existing laws and/or adopting new legislation, as appropriate. It would also involve assistance in legislative drafting with a view to providing specialized expertise to requesting Member States for complying with Security Council resolution 1373 (2001), as well as with the 12 conventions and protocols relating to the prevention and suppression of international terrorism, as appropriate. It would further include the preparation of legislative guides and/or implementation kits for different legal systems. Pools of experts could be established, with equitable geographical representation; they would be called upon to advise on requirements for ratification and legislative action, as well as assist with the preparation of legislative guides and related material. This might also include the preparation of model laws to expand existing national legislation against terrorism so as to cover acts of international terrorism. The related outputs would be the initiation and provision of advisory and other technical assistance to countries, upon request, for the ratification and implementation of the international legal instruments on terrorism; the initiation of the preparation of legislative guides and implementation kits; and, as indicated above, the establishment of pools of experts to provide advice on related matters.

19. **Facilitation and/or provision of capacity-building assistance**. To help build adequate judicial and law enforcement capacity to deal with terrorism, a number of Member States, especially developing countries and countries with economies in transition, would require the strengthening of administrative structures in the area of criminal justice and law enforcement (judicial assistance, extradition, police cooperation and early warning). An examination of existing procedures for international cooperation could

lead to suggestions for improvements. Furthermore, training could be provided with regard to mutual legal assistance, extradition and sharing of information, in regional and subregional contexts. The goal would be to strengthen national criminal justice systems and enable them to counter terrorism and related crimes, since the latter often serve as sources of financing for terrorism. The related outputs would be the initiation and provision of advisory and other technical assistance to countries, upon request, for building up and strengthening judicial and law enforcement capacity for dealing with terrorism and related transnational crime, with the preparation of training modules.

20. **Identification and dissemination of best practices**. Through the exchange of information and know-how with governmental agencies, relevant intergovernmental organizations and academic centres of research and expertise, including at the regional and subregional levels, best practices can be identified and disseminated to requesting Member States. This might relate to mutual legal assistance, extradition or other areas where international cooperation needs to be enhanced. Emphasis should be placed also on preventive strategies and measures that seek to reduce the risk of terrorist crimes. A sound knowledge base is a prerequisite for the prevention and control of terrorist crimes. The dissemination of successful national best practices will improve national standards for the administration of criminal justice and provide a basis for enhanced overall international cooperation in the fight against terrorism. The related outputs would be the initiation and advancement of the preparation of technical publications on best practices, for dissemination both in print and electronically.

21. **Identification and promotion of awareness of links between terrorism and related crimes**. The study of links between terrorism and related crimes, such as illicit drug trafficking, organized crime, money-laundering and illicit arms trafficking, serves to discover vulnerabilities of terrorist groups and can thus help in dismantling them. Similarly, measures taken against terrorism will also help to reduce related forms of criminality, such as organized crime, drug and arms trafficking, money-laundering and corruption. Breaking the links between terrorist groups and arms traffickers and money launderers is vital for successful counter-terrorist operations because related criminal activities provide an enabling framework for terrorist operations to expand. The envisaged output would be the initiation and advancement of analysis of, and the preparation of technical material on, the links between terrorism and related crimes, especially illicit drug trafficking, organized crime, money-laundering and illicit arms trafficking.

22. The Centre is well positioned to play an important role in the provision of technical assistance and advisory services. Its major strengths are its clear mandates, the high priority its issues are given on the intergovernmental policy agenda and its broad range of expertise in areas that are closely interlinked with terrorism prevention. Its ability to work effectively in very sensitive fields can increase the impact and usefulness of its contribution.

V. Resource requirements

23. The implementation of the new mandates and the corresponding strengthened programme of work, as described above, requires an increased allocation of resources for staff and non-staff costs. The programme budget for 2002-2003 provides for two Professional posts (one P-5 and one P-4) and some modest provisions for consultants, contractual services, official travel of staff and printing. The additional resource requirements for implementing the proposed expanded programme of work are for three new Professional level (one D-1, one P-4 and one P-3) and two General Service (other level) posts and an increase in non-post costs.

24. The new posts are required to perform functions as described below:

(a) One D-1 post to serve as chief of Branch and provide substantive supervision of the work of the Branch; promote coordination with the United Nations International Drug Control Programme; coordinate with government authorities at the most senior policy and political levels; coordinate with the Counter-Terrorism Committee of the Security Council, the Office of Legal Affairs and other relevant United Nations entities; promote collaboration with national, regional and international agencies and organizations involved in combating terrorism at the most senior policy and political levels; and elaborate strategies and policies for Secretariat- and system-wide work;

(b) One P-4 post to provide specialized legal expertise in the elaboration and implementation of

technical assistance activities, including for capacity-building and the preparation of model laws; provide legal assistance in pre-ratification and implementation; prepare related technical publications, guides and implementation kits; provide technical input for the delivery of technical assistance; examine national legislation and existing procedures for international cooperation; identify and disseminate best practices; and expand and maintain a pool of experts familiar with different legal systems;

(c) One P-3 post to provide support for strengthening administrative structures in the area of criminal justice and law enforcement; support the facilitation and/or provision of training for national officials regarding juridical assistance, law enforcement cooperation, mutual legal assistance, extradition and sharing of information; and conduct analytical work on the links between terrorism and related crimes;

(d) Two General Service posts (other level), one to provide overall secretarial and clerical support for the work of the Terrorism Prevention Branch and the other to provide programme coordination and implementation assistance, especially for the elaboration and conduct of technical assistance activities, including through the application of specialized information technology.

25. The increase in non-post costs is to meet the increased requirements for consultant and contractual services to obtain specialized expertise for the delivery of technical assistance and the preparation of technical documents; travel of staff to deliver advisory services to requesting Governments and coordination of work with other entities; and printing of technical publications and those related to awareness-raising.

VI. Conclusions and recommendations

26. **The expanded mandates of the Centre in combating and preventing terrorism necessitate a strengthened programme of work. This, in turn, requires an increased allocation of resources for staff and non-staff costs.**

27. **The thrust of the strengthened programme of work is to provide assistance to Member States, upon request, for the ratification, accession and implementation of the 12 international conventions and protocols relating to terrorism, and to contribute to the implementation of Security Council resolution 1373 (2001).**

28. **The General Assembly is invited to review and approve the proposals for a strengthened programme of work and the corresponding resource allocations, contained in sections IV and V above.**

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Strengthening the United Nations Crime Prevention and Criminal Justice Programme, in particular its technical cooperation capacity

Report of the Secretary-General

Summary

The present report has been prepared in pursuance of General Assembly resolution 56/123 on strengthening the United Nations Crime Prevention and Criminal Justice Programme, in particular its technical cooperation capacity. It highlights the progress made with regard to the promotion of the entry into force of the United Nations Convention against Transnational Organized Crime and the three protocols thereto, and also describes the status of work regarding the negotiation of the draft United Nations convention against corruption, and reviews technical cooperation activities related to the global programmes against corruption, trafficking in human beings and transnational organized crime.

In addition, the report provides information on the use and application of the United Nations standards and norms in crime prevention and criminal justice, and on the voluntary contributions to the United Nations Crime Prevention and Criminal Justice Fund received in 2001.

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I. Introduction

1. The present report, which has been prepared in response to General Assembly resolution 56/123, entitled "Strengthening the United Nations Crime Prevention and Criminal Justice Programme, in particular its technical cooperation capacity", updates the information contained in the previous report (A/56/155).

2. Related documents before the Assembly at its fifty-seventh session are: (a) the report of the Secretary-General on the United Nations African Institute for the Prevention of Crime and the Treatment of Offenders (A/57/135); (b) the report of the Secretary-General on the preparations for the Eleventh United Nations Congress on Crime Prevention and Criminal Justice (A/57/___); (c) the report of the Secretary-General on the Prevention of corrupt practices and illegal transfer of funds (A/57/158); and (d) the report of the Secretary-General on strengthening the Terrorism Prevention Branch of the Secretariat (A/57/152).

II. Major developments

3. The tragic events of 11 September 2001 have alarmed the international criminal justice community and influenced its perspectives on security. In the light of those and other developments, terrorism and organized crime (drug and firearm trafficking, trafficking in persons), money-laundering and corruption have emerged dramatically not only as universal concerns but as global challenges requiring global responses. A strong consensus has emerged that such global security threats must be tackled expeditiously, comprehensively and with a lasting commitment. In addition, international cooperation is generally regarded as essential to the success of any such action.

III. Eleventh session of the Commission on Crime Prevention and Criminal Justice

4. In the above framework, during the eleventh session of the Commission on Crime Prevention and Criminal Justice (Vienna, 16-25 April 2002), there was consensus among participants that the signing, ratification and coming into force of the United Nations Convention against Transnational Organized Crime and its three protocols continued to be the main priority, to be pursued through both international action and domestic efforts. Similarly, there was widespread agreement for strengthened action against corruption and international terrorism.

5. The thematic discussion of the eleventh session of the Commission focused on the theme "The reform of the criminal justice system: achieving effectiveness and equity". A related one-day workshop, on the theme "Criminal justice reform: lessons learned, community involvement and restorative justice", was organized by the United Nations Crime Prevention and Criminal Justice Programme Network of Institutes during that session. The Network's institutes held meetings with the Centre for International Crime Prevention to coordinate activities, as a follow-up to the sixteenth coordination meeting of the United Nations Crime Prevention and Criminal Justice Programme Network, held in Helsinki in December 2001. Those events provided a fruitful ground for exchange of ideas and proposals leading to supporting the major work priorities of the Programme.

6. The Commission recommended for adoption by the General Assembly four draft resolutions, entitled "International cooperation in the fight against transnational organized crime: assistance to States in capacity-building with a view to facilitating the implementation of the United Nations Convention against Transnational Organized Crime and the protocols thereto", "High-level political conference for the purpose of signing the United Nations Convention against Corruption", "Follow-up to the plans of action for the implementation of the Vienna Declaration on Crime and Justice: Meeting the Challenges of the Twenty-first Century" and "Preparations for the Eleventh United Nations Congress on Crime Prevention and Criminal Justice". The Commission also recommended for adoption by the Economic and Social Council eight draft resolutions, entitled "Basic principles on the use of restorative justice programmes in criminal matters", "Action to promote effective crime prevention", "Promoting effective measures to deal with the issues of missing children and sexual abuse or exploitation of children", "United Nations standards and norms in crime prevention and criminal justice", "International cooperation in the prevention, combating and elimination of kidnapping and in

providing assistance for the victims", "International cooperation, technical assistance and advisory services in crime prevention and criminal justice", "Illicit trafficking in protected species of wild fauna and flora" and "Strengthening international cooperation and technical assistance within the framework of the activities of the Centre for International Crime Prevention in preventing and combating terrorism".

IV. Promoting the ratification of the United Nations Convention against Transnational Organized Crime and the protocols thereto

7. By its resolution 55/25, the General Assembly adopted the United Nations Convention against Transnational Organized Crime and two protocols thereto against the trafficking in persons and the smuggling of migrants. By its resolution 55/255, the Assembly also adopted a supplementary protocol against the illicit manufacturing of and trafficking in firearms. In both resolutions, the Assembly urged all States and regional organizations to sign and ratify the instruments as soon as possible in order to ensure their speedy entry into force.

8. A report of the Secretary-General on promoting the ratification of the Convention and its three Protocols (E/CN.15/2002/10) was submitted to the Commission at its eleventh session. The Commission expressed strong support for the work of the Centre for International Crime Prevention, in particular the efforts to support the ratification process, calling for increased contributions to the United Nations Crime Prevention and Criminal Justice Fund.

9. As of 15 June 2002, there were 141 signatories to the Convention, 105 signatories to the protocol against trafficking in persons, 101 signatories to the protocol against the smuggling of migrants, and 31 signatories to the protocol against the illicit manufacturing of and trafficking in firearms. In addition, 15 States have ratified the Convention, 12 States have ratified the human trafficking protocol, 11 States have ratified the smuggling protocol and two States have ratified the protocol on the illicit manufacturing of and trafficking in firearms. Several more countries have completed the ratification process but have not yet deposited their instruments of ratification.

10. The Centre has developed a strategy and a series of activities, focusing on both the political and substantive work that Governments would need to undertake in order to ratify the Convention and its protocols. A key goal of the strategy is the strengthening of the political momentum among States, expressed at the conclusion of the negotiations for the new instruments and by the number of opening signatories to the Convention, the highest ever for such an instrument.

11. In that context, the Centre has continued to provide assistance to Member States in undertaking the necessary steps leading to the ratification of the instruments. Two regional, 6 subregional and 10 national seminars have reviewed the legislative and other steps needed for the ratification of the instruments. Participants comprised experts with substantive responsibility for ratification efforts in competent government ministries or offices and ministers or high-level officials with political responsibility for those efforts. The seminars were conducted on the basis of a series of presentations developed by the Centre, with the use of a checklist of elements for ratification of the instruments.

12. To assess the needs of Member States, in cooperation with the International Scientific and Professional Advisory Council of the United Nations Crime Prevention and Criminal Justice Programme, the Centre prepared a questionnaire addressed to policy makers and legislation drafters which was distributed to participants at the seminars. The International Association of Prosecutors, in cooperation with the Centre, developed a more detailed questionnaire addressed to practitioners. Results from both questionnaires will be compiled for use in formulating future work and specific programmes for individual countries requesting assistance.

13. The Centre, with the support of the Government of Canada and in cooperation with the International Centre for Criminal Law Reform and Criminal Justice Policy, has begun the elaboration of a legislative guide for the ratification of the United Nations Convention against Transnational Organized Crime, to be completed by the end of 2002. The elaboration of similar guides for the protocols to the Convention is envisaged with the assistance of the French and Italian Governments.

14. The efforts of the Centre in this area have been made possible by the support of several donors who pledged or made contributions. However, the capacity to provide pre-ratification and implementation assistance will be contingent upon continuous support by donor countries. In its resolution 56/120, the General Assembly renewed its call for adequate voluntary contributions to the United Nations Crime Prevention and Criminal Justice Fund to assist developing countries and countries with economies in transition in their efforts to ratify and thereafter implement the Convention and its protocols.

V. Negotiation of the draft United Nations convention against corruption

15. Pursuant to General Assembly resolutions 55/61 and 55/188, an intergovernmental open-ended expert group to prepare draft terms of reference for the negotiation of a future legal instrument against corruption met in Vienna from 30 July to 3 August 2001. The Commission on Crime Prevention and Criminal Justice reviewed and approved the recommendations of the expert group at its tenth resumed session, held on 6 and 7 September 2001. The draft terms of reference were adopted by the General Assembly in its resolution 56/260.

16. The General Assembly decided that an ad hoc Committee should negotiate a broad and effective United Nations convention against corruption. It should meet in Vienna in 2002 and 2003, holding no fewer than three two-week sessions in each year, and should complete its work by the end of 2003.

17. Accordingly, an ad hoc committee held an informal preparatory meeting in Buenos Aires from 4 to 7 December 2001. From 21 January to 1 February 2002 and 17 to 28 June 2002, the Ad Hoc Committee for the Convention against Corruption held its first two sessions in Vienna, at which it began reviewing a consolidated text of the draft convention against corruption, completing its first reading. In conjunction with the second session, a one-day workshop on the question of asset recovery was held.

18. At the first and second sessions of the Ad Hoc Committee and the eleventh session of the Commission, Member States supported an effective, efficient and universal instrument. They expressed the view that it should be flexible and balanced, taking into account the legal, social, cultural, economic and political differences among countries. It was also stressed that the Convention should have a multidisciplinary and comprehensive approach, and should strike a balance between prevention and law enforcement and lead to improved international cooperation.

VI. Preparations for the Eleventh United Nations Congress on the Prevention of Crime and Criminal Justice

19. A separate report on the preparations for the Eleventh Congress on Crime Prevention and Criminal Justice (A/57/___), which summarizes the substantive and organizational aspects of the preparations for the Congress, is before the Assembly.

VII. Other programme activities

A. Implementation of crime prevention and criminal justice standards and norms

20. The Vienna Declaration on Crime and Justice: Meeting the Challenges of the Twenty-first Century underlined the important role of United Nations standards and norms in crime prevention and criminal justice. The plan of action for the implementation and follow-up of the Declaration recommended, inter alia, the publishing by States of the Compendium of United Nations Standards and Norms in Crime Prevention and Criminal Justice in the languages of their countries and the updating of the Compendium.

21. The Centre for International Crime Prevention continued its efforts in this field to implement its mandates within the limitations of the resources available, bearing in mind the recommendations of the Committee for Programme and Coordination for a more balanced approach (see A/56/16). The promotion and dissemination of United Nations crime prevention and criminal justice standards and norms was also pursued through advisory services. The standards and norms formed the basis of the work of the Centre in the area of criminal justice reform on most issues,

including victims of crime, violence against women, penal reform, juvenile justice and peacekeeping. An overview of progress made in the use and application and further development of United Nations standards and norms in the field of crime prevention and criminal justice, as important tools for criminal justice reform, was brought to the attention of the Commission at its eleventh session (see E/CN.15/2002/3).

22. In addition, the Commission had before it the results of three surveys on the implementation of the International Code of Conduct for Public Officials (E/CN.15/2002/6/Add.1), the United Nations Declaration against Corruption and Bribery in International Commercial Transactions (E/CN.15/2002/6/Add.2) and the United Nations Declaration on Crime and Public Security (E/CN.15/2002/11).

23. The Centre serviced two expert group meetings on the issues of restorative justice and effective community-based crime prevention, topics closely related to United Nations standards and norms. The reports of the meetings were presented to the Commission at its eleventh session (see E/CN.15/2002/4 and E/CN.15/2002/5/Add.1).

24. The Commission agreed that the Centre should be selective when developing new United Nations standards and norms in crime prevention and criminal justice, responding to the pressing needs of the international criminal justice community, as required. In addition, it should focus its activities on the use and application of standards and norms in the context of technical assistance and in the overall context of United Nations programme priorities, including sustainable development, poverty alleviation and gender equality.

B. Preventing terrorism

25. In the area of terrorism prevention, due to resource constraints emphasis has been placed mainly on research and analysis. A report on strengthening the Terrorism Prevention Branch of the Centre for International Crime Prevention is before the General Assembly (A/57/152). Two publications prepared by the Centre were issued by the International Scientific and Professional Advisory Council in 2001: *The Rule of Law in the Global Village: Issues of Sovereignty and Universality* and *Countering Terrorism through International Cooperation*.

26. Two databases on terrorism, one dealing with terrorist incidents and the other with counter-terrorist initiatives and developments of a unilateral, bilateral and multilateral nature, are currently maintained and regularly updated. Summaries of the incidents and counter-terrorist initiatives and developments are made available, on a regular basis, to the staff of the Counter-Terrorism Committee of the Security Council. Work has been initiated on a database on best practices and lessons learned.

27. A conference was jointly co-sponsored by the Office for Drug Control and Crime Prevention of the United Nations Secretariat and the Organization for Security and Cooperation in Europe on the theme "Enhancing security and stability in Central Asia: strengthening comprehensive efforts to counter terrorism" (Bishkek, 13 and 14 December 2001). The conference adopted a declaration and a plan of action in which, inter alia, it emphasized that terrorism was a complex challenge owing to its links with transnational organized crime, drug trafficking, trafficking in human beings, money-laundering, arms trafficking, computer and other high-technology crimes, as well as other threats, including the proliferation of weapons of mass destruction.

28. A separate report (A/57/152) provides additional information, including the convening of a symposium on the theme "Combating international terrorism: the contribution of the United Nations".

C. Illicit manufacturing of and trafficking in explosives by criminals and their use for criminal purposes

29. As requested by the General Assembly in its resolution 54/127, an intergovernmental group of experts was convened to conduct a study on the illicit manufacturing of and trafficking in explosives by criminals and their use for criminal purposes. The group met twice during 2001, conducting a survey and other research. The group noted the serious threat posed by criminal misuse of explosives and the strict measures already in effect in most Member States to prevent this. It recommended a series of legislative, safety and security measures to establish or strengthen national controls on explosives, as well as further

research on marking and other measures to support criminal investigations, as reported to the eleventh session of the Commission on Crime Prevention and Criminal Justice (see E/CN.15/2002/9 and Add.1). Discussion at the Commission documented various concerns about the question of explosives, which may still have to be addressed in due course, if and when so decided.

D. High-technology and computer-related crime

30. In its resolution 56/121, the General Assembly noted the necessity of preventing the criminal misuse of information technologies and deferred further consideration of this subject matter pending work envisioned in the plan of action against high-technology and computer-related crime of the Commission for Crime Prevention and Criminal Justice. At its eleventh session, the Commission considered a report on effective measures to prevent and control computer-related crime (E/CN.15/2002/9). The need for technical assistance was highlighted, including training and knowledge transfer, in order to build national capacity to prevent and investigate computer-related crime and to enable countries to become fully involved in international cooperation efforts.

E. Collection and dissemination of information

31. The Centre for International Crime Prevention continued its efforts for the collection, analysis and dissemination of relevant data and information. In June 2001, it published electronically updates of the responses to the Sixth United Nations Survey of Crime Trends and Operations of Criminal Justice Systems (accessible at http://www.odccp.org/crime_cicp_survey_sixth.html). The updated version increased the number of Governments providing official data on police, prosecution, courts, prisons and resource allocation from 75 to 83.

32. The periodic surveys are the primary vehicle used by the Centre for the collection of statistics on crime trends and criminal justice at the national level. The Seventh United Nations Survey of Crime Trends and Operations of Criminal Justice Systems, covering the years 1998-2000, is currently under way. As of December 2001, 65 Governments had submitted data.

33. The Centre continued to expand its efforts to disseminate information by electronic means, through its web site at http://www.odccp.org/crime_prevention.html. A new series of publications is now available at http://www.odccp.org/corruption.html/publications. The web site has also been equipped with state-of-the-art multimedia offerings, such as video clips on trafficking (http://multimedia.undcp.org/ramgen/psa_humantrafficking-60-768x576.rm).

34. In 2001, the Centre launched a peer-review academic journal on global crime and criminal justice issues, *Forum on Crime and Society*, published twice a year in the six official languages of the United Nations. Its distribution in the Arab countries was achieved through the Naif Arab Academy for Security Sciences. The first issue contained articles based on contributions to the Tenth United Nations Congress on the Prevention of Crime and the Treatment of Offenders. The second issue contained articles on transnational organized crime. The latest issue is devoted to the theme of corruption.

35. Research in this area focuses on aspects of public sector corruption and its links with organized crime in its different forms. The Centre collects and analyses data and continually monitors the status of trends in crime, terrorism and corruption worldwide from various countries, collaborating with governmental agencies and research and scientific institutions.

VIII. Technical cooperation

A. Overview

36. In 2001, the Centre for International Crime Prevention supported projects with a total budget value of approximately $6 million (see table 1).

37. The Centre's technical cooperation programme expanded from five projects in 1998 to 32 in 2001 (ongoing and planned). Technical cooperation work was complementary to promoting the Convention against Transnational Organized Crime and the protocols thereto. The Centre's global programmes against transnational organized crime, trafficking in human beings and corruption were revised to incorporate lessons learned since their launch in 1999.

38. A more balanced approach is being pursued in all Centre activities, including technical cooperation activities, pursuant to the deliberations of the Commission at its tenth session and the recommendations of the Committee for Programme and Coordination at its forty-sixth session.[1] In accordance with the overall objective and strategies laid out in the medium-term plan for the period 2002-2005[2] and the programme budget for the biennium 2002-2003 (see A/56/6, sect. 14), the main technical cooperation priorities include fostering international cooperation and the strengthening of national capacity:

(a) To combat transnational organized crime through promoting ratification and implementation of the United Nations Convention against Transnational Organized Crime and the protocols thereto. Technical assistance activities include support for its States parties in collecting and disseminating information on trends and proven practices, with priority attention to legal and institutional arrangements to address organized crime and provisions for international cooperation;

(b) To combat trafficking in persons, especially women and children. Special attention is given to collecting information on global trends and proven practices. Technical assistance modules are being developed for improved criminal justice responses to trafficking, including enhanced capacity of specialized police units against human trafficking and inter-agency cooperation with civil society to improve assistance to and protection of victims and witnesses;

(c) To combat corruption, through the development of evidence-based and comprehensive anti-corruption policies and measures, as well as the provision of technical assistance. The United Nations manual on practical measures against corruption is being revised, and a tool kit and other materials are being devised to assist countries in developing anti-corruption strategies, building capacity to investigate and prosecute corruption and enhancing the integrity of key institutions, such as the judiciary;

(d) To strengthen capacity-building and national institutions in other crime and justice areas, such as juvenile justice, victim issues, prison administration, violence against women, restorative justice and crime prevention measures, pursuant to the recent plans of action for the implementation of the Vienna Declaration;

(e) To prevent terrorism, by ratifying or acceding to and implementing the 12 global legal instruments against terrorism and implementing elements of the plan of action against terrorism (see General Assembly resolution 56/261, annex), developed to implement and follow up the 2000 Vienna Declaration on Crime and Justice. The focus of the Centre's efforts will be on providing technical assistance to support ratification, accession and implementation of the instruments, awareness-raising at the level of policy makers, preparation of model laws, institution-building and legislative assistance, and strengthening existing arrangements in the field of extradition and mutual legal assistance.

39. The capacity to deliver technical assistance is enhanced at the operational level whenever there is an active presence in the field. In that context, a number of selected offices of the United Nations International Drug Control Programme have been converted to represent the Office for Drug Control and Crime Prevention, pursuant to Economic and Social Council resolution 1998/24. Thus, the Centre is represented in five regional offices — South-East Asia, Southern Africa, North Africa and the Middle East, West Africa — and three national field offices — Brazil, Colombia and Nigeria.

B. Global programme against corruption

40. The approach of the Centre for International Crime Prevention is to help Member States with: (a) assessing corruption with special focus on the criminal justice system, including the courts; (b) promoting integrity, efficiency and effectiveness of the criminal justice system; and (c) facilitating a comprehensive, evidence-based and integrated approach, in collaboration with other donors and key stakeholders.

41. Priority activities identified to achieve those outcomes are: (a) *technical assistance*, by developing pilot projects in the five regions of the world; (b) *research*, by collecting and analysing global trends of corruption, especially focusing on benchmarking; (c) *dissemination of best practices* through the revision of the United Nations manual for anti-corruption policy, the distribution of a United Nations anti-corruption tool kit and handbooks for prosecutors, investigators and judges, as well as through a web page

Table 1
CICP-funded technical cooperation projects, 2001

Country or area	*Project*	*Total budget*
Global	Pre-ratification assistance to the signatories of the United Nations Convention on Transnational Organized Crime	1 836 250
Global	Database on flows of trafficking in human beings	146 900
Brazil	Measures to combat trafficking in human beings	400 000
Colombia	Preparatory assistance: building an integrity system to prevent corruption	61 698
Hungary	Assessment of corruption in Hungary	175 263
Lebanon	Support for the national anti-corruption strategy	305 551
	Strengthening the legislative and institutional capacity for juvenile justice	754 049
Nigeria	Strengthening judicial integrity and capacity	293 968
Philippines	Coalitions against trafficking in human beings in the Philippines	269 312
South Africa	Mechanisms to counteract domestic violence	660 000
	Measures to counteract organized crime	414 000
	Donor coordination in the field of criminal justice	40 000
	Support for the National Anti-Corruption Programme	359 340
The former Yugoslav Republic of Macedonia	Preventing and controlling economic and financial crime	330 000
West Africa: Benin, Nigeria, Togo	Measures to combat trafficking in human beings in Benin, Nigeria and Togo	296 399
Côte d'Ivoire, Ghana, Nigeria and Senegal	Assessment of transnational organized crime	68 478
Central Asia	Assessment of transnational organized crime	64 636
Eastern Europe (Czech Republic and Poland)	Criminal justice responses to trafficking in human beings	519 348
Total		**5 715 567**

with Centre publications; (d) *work on judicial integrity*, by facilitating the work of a Chief Justice leadership group, comprised of eight Chief Justices from common law countries in Asia and Africa. The tools for the project are currently being pilot tested in Nigeria, Sri Lanka and Uganda. A meeting to establish a similar leadership group for civil law countries is also planned, in partnership with Transparency International.

42. The Centre held the first and second Inter-Agency Meeting on Anti-Corruption Initiatives in Vienna on 4 and 5 February 2002, and on 1 and 2 July 2002, respectively. It is hoped that this initiative will increase coordination and collaboration among all multilateral agencies involved in helping Member States build integrity to fight corruption through good governance programmes and sound public administration. In addition to United Nations system entities, the meetings were attended by the World Bank, the International Monetary Fund, the European Union, the Organisation for Economic Cooperation and Development and the Council of Europe.

43. Projects are under way in Colombia, Hungary, Lebanon, Nigeria and South Africa and are being

elaborated for Indonesia, the Islamic Republic of Iran, Romania, Sri Lanka and Uganda. In Colombia, a preparatory assistance project in 2001 led to a fully fledged two-year anti-corruption project, which aims to strengthen the rule of law at the local government level as a pilot that may be replicated at the national level. Its objective is to increase the capacity and integrity of local government institutions, through social control mechanisms that strengthen prosecutorial capacity and implement results-based management. In Nigeria, a project for strengthening judicial integrity aims to strengthen the rule of law. The Centre assisted in organizing a federal integrity meeting for chief justices, during which three pilot States and pilot courts were identified, and a methodology on how to assess types, levels, causes and cost of and remedies for corruption was endorsed for testing in the pilot States. Subsequently, the Centre launched the project's pilot activities in three States. In South Africa, a project on the theme "Support to the national anti-corruption programme" began in 2001. It is designed to assist the Government of South Africa in its efforts to prevent, detect and fight corruption and promote integrity, transparency, accountability and the rule of law. The Centre assisted the Government in (a) the preparation of a national anti-corruption strategy and action plan; (b) drafting anti-corruption legislation; (c) assisting specialized investigating and prosecutorial units; and (d) in the development and implementation of anti-corruption initiatives in two selected provinces.

C. Global programme against trafficking in human beings

44. The adoption of the Convention against Transnational Organized Crime and the protocols addressing trafficking and the smuggling of persons by the General Assembly in November 2000 was very important for the work of the programme. The legal definitions of those activities have been largely accepted by Member States and international organizations addressing trafficking issues. In several countries, the provisions of the Convention and the trafficking protocol have not only guided legislation reform but also offered a framework for the formulation of regional and national anti-trafficking action plans. At present, technical assistance projects are being carried out or developed in several countries in Asia, Africa, Europe and Latin America.

45. In Brazil, a project on assessing the routes and modalities used by organized criminal groups, improving law enforcement responses and victim support, has been developed in collaboration with the Government. Ongoing Centre projects in the Czech Republic, Poland and Slovakia aim to assist the authorities in reforming human trafficking-related legislation, strengthen investigation and prosecution capacity in trafficking cases and provision of assistance to victims. The project in the Philippines included assessment of the problem, awareness-raising and training sessions for law enforcement officers and workshops on improved police-prosecutor cooperation. Follow-up activities are under consideration, including developing specific measures for victim and witness support. Projects for western Africa are under preparation.

46. The programme has initiated work on a database, including data from multiple sources on global trafficking trends, cross-national routes and volume of trafficking in persons and smuggling of migrants, as well as data on victims and offenders of trafficking and responses of criminal justice systems to this criminal activity. The analysis of data will result in regular reports presenting trends on the national, regional and global level. Jointly with the United Nations Interregional Crime and Justice Research Institute (UNICRI), the programme is currently conducting research and assessment activities targeting the practices and the role of organized criminal groups in trafficking of human beings. It has developed research tools aimed at generating data on recruitment practices, travel routes, exploitation, criminal organizations and connivance and corruption. Instruments have been developed for use in interviewing victims, government officials and non-governmental organizations. Partnerships were established with the network of institutes and organizations cooperating with the Centre and UNICRI, in particular the Australian Institute of Criminology and the United Nations University, as well as relevant government agencies, local research institutions and individual scholars. The Centre also supported the implementation of a project of the International Organization for Migration involving trafficking in women and children from Tajikistan.

47. A related major development in 2001 was the formulation of a political declaration and action plan against trafficking in human beings for the member

States of the Economic Community of West African States (ECOWAS), elaborated with the support of the Centre. The plan of action sets achievable goals and objectives, calling on ECOWAS States to ratify and fully implement international instruments of ECOWAS and the United Nations.

48. In October 2001, the Government of the Philippines launched a strategic action plan for a national coalition against trafficking in human beings. The main features of the national action plan provide, inter alia, for the early ratification of the United Nations Convention against Transnational Organized Crime and the protocol against trafficking in persons; a special bill against trafficking in persons; strengthened investigation and prosecution of trafficking cases through specialized databases, specialized law enforcement units and improved police-prosecutor cooperation; training for law enforcers, prosecutors, social workers and frontline officers, as well as staff of embassies and consulates; improved support for victims and the protection of witnesses in cases of trafficking in persons; and comprehensive public awareness campaigns on the subject.

D. Global programme against transnational organized crime

49. In cooperation with UNICRI, the Centre has launched a survey on transnational organized crime to assess organized criminal groups. Information has been collected on 40 transnational organized criminal groups most active in the countries and the subregion. The instruments to collect data have been modified in consultation with UNICRI, the Falcone project of the European Union and Europol. Those new instruments are being tested for collecting information on organized criminal groups in two regional projects in West Africa and Central Asia (see para. 50 below). The assessment of organized criminal groups has resulted in the development of a series of standard typologies of those groups, enabling the programme to be able to classify and thus more effectively monitor trends in transnational organized crime.

50. Two regional projects are under way which aim at the collection of relevant information on the most prominent organized criminal groups. The first addresses the phenomenon of transnational organized crime groups active in selected countries of the West African region (Côte d'Ivoire, Ghana, Nigeria and Senegal) and Central Asia (Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan) and their transnational dimension. The projects will provide a systematic collection and analysis of qualitative and quantitative data and information on organized crime groups operating in the region. They will also identify the most appropriate control measures to combat and prevent organized crime.

51. In 1999, a project was launched in the former Yugoslav Republic of Macedonia to tackle economic and financial crime through strengthened legal provisions and the establishment of a specialized police unit. The amendments to the Constitution, the Criminal Code and Criminal Procedural Code were submitted to the Parliament for approval in 2001. A model programme for training seminars on fighting organized crime following the provisions of the United Nations Convention against Transnational Organized Crime was developed. The programme has been successfully tested in Colombia, Croatia, Guatemala, Peru and Slovakia. The seminars examined best practices to fight organized crime and corruption in relation to police and prosecutors' investigations, international cooperation, collaboration with and protection of witnesses, prevention of organized crime and anti-organized crime legislation. The pilot seminars were evaluated positively by participants and will be replicated in other countries.

E. Crime prevention and juvenile justice

52. The Centre for International Crime Prevention continued the implementation of the project to strengthen the institutional capacity for juvenile justice in Lebanon. The project supported the reform of legislation on juveniles and the establishment of systems for the monitoring, follow-up and reintegration of juveniles upon release. A follow-up project has been designed by the Centre together with the Government, and is expected to commence in 2002. It aims at improving services and detention conditions for female juveniles in Lebanon. A juvenile justice sector project proposal for Egypt has also been designed. Subject to donor contributions, the project may start in 2002. The Centre continued to provide technical support for the implementation of a project aimed at reducing violence against women in South Africa.

53. The Afghan Interim Administration is setting in motion processes to re-establish national institutions, in

particular also in the legal and judicial areas. At its request, the Centre undertook a field mission to Kabul to develop a project proposal for technical assistance focusing on the development of legal and judicial frameworks. The project includes advisory services on legislative reform, international judicial cooperation and the establishment and management of institutions for juveniles deprived of their liberty. The Governments of Italy and Austria have indicated their interest in funding the project.

IX. Resource mobilization

54. The goal of the Centre for International Crime Prevention to broaden its donor base by encouraging donors to increase their voluntary contributions has been quite successful. Informal donors meetings were organized in 2001 and 2002. The contributions and pledges provided to the United Nations Crime Prevention and Criminal Justice Fund from January 2001 to June 2002 equalled $5,285,860 (see table 2). However, $4.8 million — or 91 per cent of those contributions — were earmarked for specific projects or activities. Such high levels of earmarking severely curtail the capacity of the Centre to maintain the minimum infrastructure to support the development and implementation of its technical cooperation, and run the risk of jeopardizing the implementation of projects and activities to be undertaken with earmarked funds. In order to guarantee a minimum implementation capacity, donors should be encouraged to provide non-earmarked funds as well. Ideally, a minimum of 25 per cent of contributions to the Fund should not be earmarked.

Table 2
Contributions and pledges to the United Nations Crime Prevention and Criminal Justice Fund, January 2001-June 2002
(United States dollars)

Country	*Total amount pledged*
Austria	75 717[a]
Brazil	300 000[b]
Canada	114 959[a]
Chile	15 000[b]
France	615 775[b]
Greece	30 000[a]
India	6 000[c]
Italy	457 187[b]
Japan	200 000[a]
Malta	2 500[c]
Morocco	4 000[c]
Netherlands	699 299[b]
Norway	309 655[a]
Republic of Korea	25 000[a]
Tunisia	2 000[c]
Turkey	50 000[c]
United Kingdom	298 659[a]
United States of America	2 076 025[b]
Venezuela	4 084[c]
Total	**5 285 860**

[a] Paid.
[b] Paid in part.
[c] Not paid.

X. Conclusions and recommendations

55. **In the light of the foregoing review, the conclusions set out below may be drawn. First, in the period under review the United Nations Crime Prevention and Criminal Justice Programme has increasingly reoriented its activities towards technical assistance work in all its aspects. Second, in that context there have been constructive developments concerning the ratification process of the United Nations Convention against Transnational Organized Crime. Third, progress has started and is advancing in connection with the negotiation of a draft convention against corruption. Fourth, considerable progress has also been made in the area of terrorism prevention, including well-focused policy recommendations on technical assistance for the implementation of the existing conventions. Fifth, crime prevention and criminal justice reforms have received increased attention. Last but not least, the programme continued to improve its funding base, thus expanding its technical cooperation activities. To further build upon and enhance the progress so far made it will be necessary to encourage:**

(a) sustained action by the intergovernmental bodies to reinforce the current programme of work focused on key priority areas; (b) continued efforts to provide additional resources to match the existing mandates so as to ensure the availability of a core capacity to deliver a high-quality service to member States, including technical assistance to countries in need; and (c) further efforts to increase the volume of voluntary contributions for the provision of technical cooperation activities, including general purpose funds, by targeting additional potential donors and the private sector.

56. **In that context, the General Assembly may wish to:**

(a) Call for a further concerted effort to strengthening the programme's capacity to provide leadership and services in key priority areas focused on organized crime, corruption and criminal justice reform, terrorism, computer-related and other high-technology crime;

(b) Invite Member States, intergovernmental and non-governmental organizations to continue to provide support to the United Nations Crime Prevention and Criminal Justice Programme for the benefit of the criminal justice community;

(c) Reinforce the technical assistance focus of the Programme's activities by urging Member States, international financial institutions and the private sector to increase their contributions to the United Nations Crime Prevention and Criminal Justice Fund so as to expand its impact and outreach, including at the field level.

Notes

[1] See *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 16* (A/56/16).

[2] Ibid., *Fifty-fifth Session, Supplement No. 6* (A/55/6/Rev.1).

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Crime prevention and criminal justice

Preparations for the Eleventh Congress on Crime Prevention and Criminal Justice

Report of the Secretary-General

Summary

The present report has been prepared pursuant to General Assembly resolution 56/119 of 19 December 2001, entitled "Role, function, periodicity and duration of the United Nations Congresses on the prevention of crime and the treatment of offenders", requesting the Secretary-General to ensure the proper follow-up to its various provisions and report thereon to the Assembly, through the Commission on Crime Prevention and Criminal Justice at its eleventh session. Accordingly, the report highlights the deliberations and outcome of the session of the Commission, summarizing the substantive and organizational aspects of the preparations for the Eleventh Congress on Crime Prevention and Criminal Justice.

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I. Introduction

1. In its resolution 56/119, the General Assembly decided to continue holding the United Nations Congresses in accordance with paragraphs 29 and 30 of the statement of principles and programme of action of the United Nations Crime Prevention and Criminal Justice Programme,[1] following a dynamic, interactive and cost-effective method of work and a focused programme of work, and to call them the United Nations Congresses on Crime Prevention and Criminal Justice.

2. In the same resolution, the General Assembly requested the Commission on Crime Prevention and Criminal Justice to continue to act as the preparatory body for the Congresses and to follow the guidelines contained in paragraph 2 of the resolution in organizing future Congresses. The present report provides an overview of the progress made in implementing the resolution.

II. Background

3. The Eleventh Congress will be held in 2005, following major reviews of the role, format and function of the United Nations Congresses on the Prevention of Crime and the Treatment of Offenders during the last 10 years. In this connection, the General Assembly will recall that, in pursuance of General Assembly resolution 415 (V) of 1 December 1950, such Congresses have been organized since 1955. Their importance has been reaffirmed in numerous resolutions of the policy-making bodies of the United Nations. The Congresses have served as global events and worldwide forums, influencing national policies, mobilizing public opinion, recommending lines of action at the national, regional and international levels, and focusing attention on major issues of concern to Member States and the professional and scientific community.

4. The Assembly will also recall that, over the years, the Congresses have undergone significant changes. Having started as primarily a gathering of national and international experts, following a long-established tradition inherited by the United Nations from the International Penal and Penitentiary Commission, the Congresses became major intergovernmental conferences. The Sixth Congress represented a turning point in that regard, as the General Assembly, in its resolution 32/60 of 8 December 1977, endorsed the recommendation of the Fifth Congress that the provisional rules of procedure of the Congresses be reviewed with a view to bringing them into conformity with those of other comparable United Nations conferences. The Congresses were thus transformed into fully fledged intergovernmental world conferences with representation at the highest political level.

5. The Ministerial Meeting on the Creation of an Effective United Nations Crime Prevention and Criminal Justice Programme, held in Paris from 21 to 23 November 1991, reviewed the functioning and programme activities of the United Nations in the field of crime prevention and criminal justice. Its results are reflected in the statement of principles and programme of action of the United Nations Crime Prevention and Criminal Justice Programme, endorsed by the General Assembly in its resolution 46/152 of 18 December 1991. In accordance with its provisions, the Commission on Crime Prevention and Criminal Justice was established in 1992 as the United Nations policy-making body in this field and as the preparatory body for those Congresses. In its resolution 1993/32, the Economic and Social Council, on the recommendation of the Commission at its second session, approved new rules of procedure for United Nations Congresses, reflecting their new orientation, structure and functions.

6. In response to General Assembly resolution 53/110 of 9 December 1998, the Commission, at its tenth session, undertook a further review of the role, function, periodicity and duration of the United Nations Congresses. Its recommendations are reflected in General Assembly resolution 56/119 of 19 December 2001, which provides specific guidance on how future Congresses should be organized.

III. Substantive preparations and organizational arrangements

7. As a result of the aforementioned review, to which Governments, intergovernmental and non-governmental organizations contributed, the Assembly decided that, beginning in 2005, the Congresses, pursuant to paragraphs 29 and 30 of the statement of principles and programme of action of the United Nations Crime Prevention and Criminal Justice Programme, shall be held in accordance with the

following guidelines: (a) each Congress shall discuss specific topics, including, where appropriate, a main topic, all to be determined by the Commission on Crime Prevention and Criminal Justice; (b) each Congress shall include one session of pre-Congress consultations; (c) each Congress shall include a high-level segment in which States will be represented at the highest possible level and will be given an opportunity to make statements on the topics of the Congress; (d) as part of the high-level segment, the heads of delegations or their representatives shall participate in a number of thematic interactive round tables in order to further the discussion on the topics of the Congress through open dialogue; (e) panels of experts, to be selected by the Commission with due regard for the principle of equitable geographical distribution, shall hold workshops dealing with the topics of the Congress, maintaining an open dialogue with the participants and avoiding the reading of statements; (f) institutes of the United Nations Crime Prevention and Criminal Justice Programme network shall be invited to assist in the preparations for the workshops; (g) the Secretary-General shall facilitate, within existing resources, the organization of ancillary meetings of non-governmental organizations and professional organizations at each Congress; (h) each Congress shall adopt a single declaration containing recommendations derived from the deliberations of the high-level segment, the round tables and the workshops, to be submitted to the Commission for its consideration; (i) any action suggested to the Commission regarding its programme of work, contained in the declaration of the Congress, shall be undertaken through individual resolutions of the Commission; (j) the Commission, as the preparatory body for the Congress, shall request the Secretary-General to prepare the background documents that are necessary for implementing the programme of work of the Congress; and (k) each Congress shall be preceded by regional preparatory meetings, when necessary, and their costs shall be streamlined by holding them in conjunction with other regional meetings, shortening their duration and limiting the preparation of background documents.

8. General Assembly resolution 56/119 should be perceived both as an end and as a beginning. It was an end, since it completed the cycle of a lengthy review of the functioning and programme of work of the Congresses. However, it also marked the beginning of a new vision in respect of future Congresses and the role they should play, involving the highest level of political participation, to address present and future challenges of crime prevention and criminal justice worldwide. In response to the guidelines contained in paragraph 2 of the resolution, the preparations for the Eleventh United Nations Congress were initiated by the Secretary-General.

A. Substantive preparations

9. Following past practice, and in order to ensure the active participation of all actors in the process, the Secretary-General sent a note verbale, dated 24 September 2001, requesting the views of States, intergovernmental and non-governmental organizations and institutes of the United Nations Crime Prevention and Criminal Justice Programme network on the implementation of General Assembly resolution 56/119, particularly in respect of the main topic, agenda items and workshop topics for the Eleventh Congress.

10. In response to the note verbale, the following States provided their views: Azerbaijan, Belarus, Finland, Germany, Greece, Haiti, Hungary, Ireland, Japan, Lebanon, Madagascar, Malaysia, Saudi Arabia, the Syrian Arab Republic, Thailand and the United Kingdom of Great Britain and Northern Ireland. It should be noted that States that did not have the opportunity to inform the Secretary-General of their views at that time had the chance to contribute to the discussion on the preparations for the Congress during the eleventh session of the Commission on Crime Prevention and Criminal Justice.

11. The following specialized agencies and United Nations Programmes provided their views: the Department of Economic and Social Affairs, the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Africa, the Economic Commission for Western Asia, the International Labour Organization, the World Health Organization and the World Bank.

12. The following intergovernmental and non-governmental organizations and institutes provided their views: the Asian-African Legal Consultative Organization, the Customs Cooperation Council, the European Commission, the International Criminal Police Organization, the Interparliamentary Assembly of Member Nations of the Commonwealth of

Independent States, the Offshore Group of Banking Supervisors, the Organization for Security and Cooperation in Europe, the Sovereign Military Order of Malta, the Asia Crime Prevention Foundation, the National Council of German Women's Organizations-Federal Union of Women's Organizations and Women's Group of German Associations, the International Police Association, Defence for Children International, the International League for Human Rights, Pax Romana (International Catholic Movement for Intellectual and Cultural Affairs and International Movement of Catholic Students), the Howard League for Penal Reform, the United Nations Interregional Crime and Justice Research Institute, the Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders, the Australian Institute of Criminology and the Naif Academy for Security Sciences.

13. The proposals of States, relevant specialized agencies and United Nations programmes, intergovernmental and non-governmental organizations and institutes are summarized below.

1. Theme

14. Regarding a possible theme for the Eleventh Congress, a number of suggestions were made, including combating transnational organized crime; measures against corruption and organized crime; and global cooperation for crime prevention and the treatment of offenders: effective actions across borders. At its eleventh session, the Commission reached an agreement on the theme "Synergies and responses: strategic alliances in crime prevention and criminal justice".

2. Agenda items

15. In the area of transnational crime and terrorism, the following items were proposed: strategic alliance against transnational crime: road map for effective international cooperation; combating transnational organized crime in the context of sustainable development; illicit manufacturing and trafficking in firearms; the links between organized crime, terrorism and economic crimes; mutual assistance in criminal matters with regard to forfeiture of property and proceeds of crime; action against illegally acquired profits; international cooperation and technical assistance in combating illegal migration; international identification and elimination of terrorism as an expression of socio-economic and political unrest; crime and biological terrorism; victims of the consequences of terrorism and relevant rehabilitation programmes, with particular emphasis on vulnerable groups; international cooperation against money-laundering to combat terrorism; promotion of wider acceptance and effective implementation of international conventions on terrorism and establishment of an oversight mechanism for this purpose; technical assistance to developing countries in strengthening their legal capacity to combat terrorism; enhanced measures to control international terrorism, especially the financing of terrorist activities worldwide; and separatism and international terrorism.

16. In the area of economic crime and corruption, the following items were suggested: corruption: threats and trends in the twenty-first century; combating corruption: realities and perspectives of regional and international cooperation; international cooperation against State corruption; measures against economic crime; adverse effects of globalization; and computer-related crime.

17. Traditional crime prevention and criminal justice issues also figured prominently in a number of responses, which are summarized as follows: efficient administration and reform of criminal justice systems; 50 years of standard-setting in criminal justice: review process; indigenous people's justice systems; the role of women as offenders, victims and decision makers in criminal justice; crime prevention and public awareness: enhancing public security, ethics, values and family ties; crime prevention and reduction of poverty; alternatives to incarceration and prison overcrowding; juvenile delinquency and alternative youth sanctions; restorative justice; use of technology in crime prevention and the supervision of offenders; towards universal standards in criminal law and their application in different cultures; modalities for effective law enforcement cooperation; and the promotion of close collaboration between security forces and the judicial police.

3. Workshop topics

18. States, intergovernmental and non-governmental organizations, institutes and individual experts attach great importance to the organization of workshops at the United Nations Congresses, given their practicality and outreach. The proposals made on possible topics for the workshops ranged from transnational crime and terrorism to specific forms of crime and crime

prevention, and criminal justice measures. The proposals are summarized as follows: transnational terrorism and organized crime: links and international response; effectiveness of international cooperation in combating transnational crime; extradition of offenders and mutual cooperation in investigation; international cooperation: an effective partnership among law enforcement, prosecution and judicial bodies; analysis of international crime trends; high technology and computer-related crime; government and industry partnerships in preventing and combating computer-related crimes; measures against economic crime, including the role of the private sector; partnership in the use of technology in crime prevention: tools used to collect best practices; measures to ensure the protection of witnesses in criminal proceedings, including support for and protection of victims of crime; human rights in criminal justice; towards universal standards in criminal law and their application in different cultures; alternatives to incarceration and prison overcrowding; juvenile delinquency and alternative youth sanctions; and law and order: crime and justice in developing countries, focusing on the African region.

4. Consideration and action by the Commission on Crime Prevention and Criminal Justice as a preparatory body

19. In response to paragraph 6 of General Assembly resolution 56/119, the Commission on Crime Prevention and Criminal Justice, at its eleventh session, focused its attention on the various proposals regarding the main topics of the agenda items and the workshops.

20. During the discussion, most speakers emphasized that the topics should reflect emerging issues in crime prevention and criminal justice, building on recent developments. This could include an analysis of the progress made with regard to the implementation of the United Nations Convention against Transnational Organized Crime and its protocols and the United Nations convention against corruption, which might be finalized by 2005. An assessment of crime prevention strategies could also be timely. In addition, combating terrorism should feature prominently in the agenda of the Eleventh Congress.

21. The view was expressed that the workshop topics should be selected according to five criteria: the issues should be of interest to both developing and developed countries; they should be multidisciplinary; they should identify emerging problems; they should focus on problems and practical solutions that would foster technical cooperation; and they should have a spin-off effect by stimulating work that would be carried out after the conclusion of the Eleventh Congress. Chapter VII of the report of the Commission on its eleventh session contains a brief summary of the discussion of the item.[2]

22. At the end of its deliberations, the Commission recommended the inclusion of the following topics for discussion during the plenary meetings of the Eleventh Congress, noting that Member States might refine these topics and propose additional ones at future intersessional meetings of the Commission, for finalization at its twelfth session:

(a) Effective measures against transnational organized crime;

(b) Corruption: threats and trends in the twenty-first century;

(c) Economic and financial crimes: challenges to sustainable development;

(d) Making standards work: 50 years of standard-setting in crime prevention and criminal justice.

23. The Commission recommended the following issues for consideration by workshops, again noting that Member States might refine these issues and propose additional workshop topics at future intersessional meetings of the Commission, for finalization at its twelfth session:

(a) Measures against economic crime: the role of the private sector;

(b) Cross-border law enforcement cooperation;

(c) Human rights in criminal justice;

(d) Restorative justice: community involvement, diversion and other alternative measures;

(e) Links between transnational organized crime and terrorism;

(f) Measures against high-technology and computer-related crime;

(g) Measures against money-laundering;

(h) Combating corruption;

(i) Crime prevention strategies for youth at risk;

(j) Current practices in and ways of overcoming obstacles to extradition.

B. Organizational arrangements

24. In paragraph 3 of its resolution 56/119, the General Assembly requested the Commission on Crime Prevention and Criminal Justice to continue to act as the preparatory body for the Congresses and in organizing future Congresses to follow the guidelines contained in paragraph 2 of the resolution. At the Commission's eleventh session, the importance of the Congresses was underlined. It was noted that the Congresses provided an opportunity for States to come together and build alliances, presenting a forum for formulating global strategies and taking stock of cooperative efforts in combating crime. Specific comments on organizational arrangements were made. In that connection, the view was expressed that the role of the research institutes, in particular the United Nations Interregional Crime and Justice Research Institute, and of other entities providing information on crime trends should be taken into account. The Secretariat and the Commission were encouraged also to take due account of the issue of gender equality and mainstreaming in the preparations for the Eleventh Congress.

25. The Commission was expected, in response to paragraph 6 of General Assembly resolution 56/119, to formulate recommendations in respect of, inter alia, the venue of the Congress, its dates and duration, documentation and a review of the rules of procedure. In this connection, the General Assembly's attention is drawn to paragraphs 26 to 30 below.

1. Venue

26. The General Assembly will recall that in its resolution 56/119 it noted with appreciation the offers made by the Governments of Mexico and Thailand to host the Eleventh Congress. In February 2002, the Government of Mexico informed the Secretariat that it would withdraw its offer and support the offer of the Government of Thailand. Alternatively, Mexico offered to host the high-level conference for the purpose of signing the United Nations convention against corruption, which will be organized upon completion of the negotiation of that convention in 2003. The Government of Thailand subsequently reaffirmed its offer to host the Eleventh Congress. That offer, which was originally endorsed by the Group of 77 and China and the Group of Asian States, was welcomed by the Commission, as reflected in the draft resolution submitted to the General Assembly for approval. In that regard, the General Assembly would request the Secretary-General to initiate consultations with the Government of Thailand and to report to the Commission at its twelfth session.

2. Dates and duration

27. The duration of the Eleventh Congress would determine the time allocated to the discussion of its agenda items. In terms of time, a balance will have to be maintained between the plenary meetings, the work of the main committees and the high-level segment. In the same draft resolution, recommended for approval by the General Assembly, the Commission decided that the duration of the Eleventh Congress should not exceed eight days, including pre-Congress consultations. The dates of the Eleventh Congress will be set in the near future, in consultation with the host country.

3. Documentation

28. In accordance with paragraph 2 (j) of General Assembly resolution 56/119, the Commission, as the preparatory body for the Congress, should request the Secretary-General to prepare background documents that are necessary for implementing the programme of work of the Congress. At its eleventh session, the Commission did not make specific recommendations on the Congress documentation, since its recommendations on the Congress programme will have to be finalized at its forthcoming session in May 2003.

4. Format

29. In the context of reviewing the role and function of United Nations Congresses, it will be recalled that, during the tenth session of the Commission, in the context of evaluating the format of the Tenth Congress and its achievements, the view was expressed that the Congresses should enhance political momentum in fighting international crime. It was underlined that the high-level segment had contributed to strengthening political will and support for crime prevention and criminal justice, as reflected in the Vienna Declaration. The importance of organizing practical workshops and ancillary meetings was also emphasized.[3]

30. At its eleventh session, the Commission further elaborated on the role and structure of the high-level segment, in which States should be represented at the highest possible level. It was suggested that the high-level segment should be held at the end of the Congress, while the remaining time could be taken up by workshops, which would constitute the main forum for the exchange of information and the identification of trends and best practices. As the high-level segment raised the profile of international criminal justice issues within the political arena, it could be extended for a longer period of time, during which the focus could be on round-table discussions. The Eleventh Congress should adopt a declaration containing recommendations emanating from the segment. In sum, there was strong support for the preparations for the Eleventh Congress and for the view that there was a need to undertake the task efficiently, in order to ensure successful preparations and, most importantly, viable proposals and sound conclusions.[4]

5. Rules of procedure

31. In the context of the review of the role and function of the United Nations Congresses, the rules of procedure underwent major modification following the Fifth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, held in 1975. The provisional rules of procedure, under which the Tenth Congress was organized, were made available to the Commission at its eleventh session so that it could identify amendments that might be necessary to reflect the guidelines contained in paragraph 2 of General Assembly resolution 56/119. Due to lack of time, the Commission made no recommendations on this matter. It will review it at its twelfth session, in 2003.

IV. Resource requirements

32. In contrast to the case of other major conferences that the United Nations organizes for which substantial resources are provided, the bulk of the preparatory activities for the Eleventh Congress, both substantive and organizational, are funded through the regular programme budget of the Secretariat. Only modest temporary assistance resources would be required to assist at times of peak workload. In paragraph 5 of its resolution 56/119, the General Assembly requested the Secretary-General to provide the Centre for International Crime Prevention with the necessary resources, within the overall appropriations of the programme budget for the biennium 2002-2003, for the preparations for the Eleventh United Nations Congress. The Assembly also requested the Secretary-General to ensure that adequate resources were provided in the programme budget for the biennium 2004-2005 to support the holding of the Eleventh Congress.

33. During its eleventh session, the Commission was informed that during the biennium 2002-2003 a discussion guide for the regional preparatory meetings would be prepared. That activity would be conducted within the resources available under section 14 (Crime prevention and criminal justice) of the programme budget. The requirements for the regional preparatory meetings for the Eleventh Congress, as well as for the Congress itself, would be included in the proposed programme budget for the biennium 2004-2005, which would be submitted to the General Assembly at its fifty-eighth session, in 2003.

34. In relation to paragraph 12 of the draft resolution recommended by the Commission for adoption by the General Assembly, in which the Assembly would request the Secretary-General to make available the necessary resources for the participation of the least developed countries in the regional preparatory meetings for the Eleventh Congress and in the Congress itself, in accordance with past practice, the cost of travel for one representative from each least developed country to the Congress and to the regional preparatory meeting held in the respective region would also be included in the proposed programme budget for the biennium 2004-2005.

V. Conclusions and recommendations

35. **The recent review of the role and function of United Nations Congresses on Crime Prevention and Criminal Justice and the results emanating therefrom reaffirmed their important contributions and the need to maintain their continuity, since they are an essential tool for international cooperation. In this context, certain changes to streamline future Congresses were also identified, including proper planning, cost-effective methods of work and strategic vision. Accordingly, the Eleventh United Nations Congress should be a catalyst for action-oriented recommendations dealing with present and future crime and justice challenges facing the international community.**

36. Prior to the twelfth session of the Commission on Crime Prevention and Criminal Justice, work will continue, intersessionally, to prepare final proposals on the substantive agenda items and workshop topics.

37. As the draft resolution recommended by the Commission, through the Economic and Social Council, sets the stage for timely preparations for the Eleventh Congress, the General Assembly may wish to take action on it, in order to provide appropriate guidance. Member States, intergovernmental and non-governmental organizations, relevant programmes and agencies of the United Nations and the network of institutes will be kept fully involved in the further preparatory process, with a view to ensuring maximum benefits and practical results.

Notes

[1] General Assembly resolution 46/152, annex.

[2] See *Official Records of the Economic and Social Council, 2002, Supplement No. 10* and corrigendum (E/2002/30 and Corr.1).

[3] See *Official Records of the Economic and Social Council, 2001, Supplement No. 10* (E/2001/30), part one, chap. IV.

[4] See *Official Records of the Economic and Social Council, 2002, Supplement No. 10* and corrigendum (E/2002/30 and Corr.1), chap. VII.

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Operational activities for development

Measures to promote and facilitate South-South cooperation

Report of the Secretary-General

Summary

The present report describes the evolution of the agenda for South-South cooperation, beginning with the United Nations Conference on Technical Cooperation among Developing Countries, held in 1978. It reviews the major policy documents issued by ministerial meetings of the Group of 77, the decisions of the first South Summit, held at Havana in 2000, and the Tehran Consensus of 2001. It considers in general terms what has been achieved, and what can be done to consolidate, update and revitalize the agenda for South-South cooperation in the context of major transformations in the world. It also recommends a number of concrete measures to further South-South cooperation.

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I. Introduction

1. The present report is submitted in response to General Assembly resolution 56/202 of 21 December 2001, in which the Assembly stressed that South-South cooperation, as an important element of international cooperation for development, offered viable opportunities for developing countries in the pursuit of sustained economic growth and sustainable development and for ensuring their effective and meaningful participation in the newly emerging global economic system. In particular, the Assembly made reference to two initiatives of developing countries: the Havana Programme of Action (A/55/74, annex II), adopted by the South Summit of the Group of 77, held at Havana from 10 to 14 April 2000; and the Tehran Consensus (A/56/358 and Corr.1, annex), adopted at the Tenth Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries of the Group of 77, held at Tehran from 18 to 22 August 2001. The two documents highlighted the need to revitalize and consolidate the South-South platform, build stronger South institutions at the global level, bridge the knowledge and information gap, broaden partnerships and mobilize global support for South-South cooperation.

2. Recognizing the need to raise public awareness of and support for South-South cooperation as a dynamic form of international development cooperation which can give real content to the concept of ownership and partnership, the Assembly took note of the proposal contained in the Tehran Consensus to launch the first International Decade on South-South Cooperation and the observance of an annual United Nations day for South-South cooperation. It requested the Secretary-General to include in his report to the Assembly at its fifty-seventh session, concrete measures for promoting and facilitating South-South cooperation, taking into account all relevant initiatives and proposals in that regard.

3. As a basis for suggesting measures to revitalize South-South cooperation, the present report examines the concept, agenda and past lessons in this approach to international development cooperation, building on the previous report of the Secretary-General on the state of South-South cooperation (A/56/465), in which he concluded that much remained to be done to act on the many plans of action that the South had formulated over the years. The preparation of the present report has benefited from consultation with and written input from a number of United Nations organizations and agencies.

II. Concept and rationale of South-South cooperation

4. The agenda for cooperation among developing countries is rooted in their demands for political, economic and social equity and progress. The founding acts of South-South cooperation were the Bandung Conference of 1955, the formation of the Non-Aligned Movement in 1961 and establishment of the Group of 77 in 1964. Although the Non-Aligned Movement has played a leading role in articulating the agenda of South-South cooperation, the present report focuses on the initiatives of the Group of 77 because that group has been the main instrument for the developing countries in the consideration by the United Nations of all economic and social development issues. In considering the South agenda for cooperation, it is necessary to understand the differences between some of the basic concepts and their rationale:

(a) Technical cooperation among developing countries focuses on building capacity within and among the peoples of the South. It seeks to restore traditional linkages and to create new ones that will support the economic, social, cultural, intellectual and political development necessary to eradicate poverty and underpin an equitable, environmentally sustainable and democratic world order;

(b) Economic cooperation among developing countries focuses mainly on trade and technology flows among developing countries, and is oriented towards seeking mutually beneficial arrangements based on shared interests and complementary capacities. It aims to increase exchanges among developing countries and to strengthen their participation in the world economy, on the basis of equity;

(c) The phrase "South-South cooperation" gained currency in the context of the efforts of developing countries in the 1970s to negotiate agreements that would help to close the widening economic gap between them and the developed countries. It includes and is underpinned by both technical and economic cooperation among developing countries, and is often used interchangeably with the latter. The canvas of South-South cooperation is, however, wider than that of economic cooperation among developing countries. It covers the gamut of cooperative interaction among developing countries as they try to compensate for their relative lack of power

in global arrangements by building solidarity that is based on mutual benefit. It is necessary to note that, within the United Nations framework, all three concepts are seen as complementary to international development cooperation. They exist conceptually within the framework of the growing interdependence of countries.

5. Over the past four decades, the Group of 77 has periodically convened South-South forums to articulate common positions on a broad range of issues, to review progress and set new lines of action. The analysis below begins with the United Nations Conference on Technical Cooperation among Developing Countries, held at Buenos Aires in 1978, and reviews briefly a subsequent series of landmark meetings of the Group of 77, held at Caracas in 1981, at Cairo in 1986, at San José in 1997, at Bali, Indonesia, in 1999, at Havana in 2000 and at Tehran in 2001. Some policy guidelines on South-South cooperation are to be seen in the documents issued by recent United Nations global conferences.

III. Agenda for South-South cooperation

A. United Nations Conference on Technical Cooperation among Developing Countries, Buenos Aires, 1978

6. The United Nations Conference on Technical Cooperation among Developing Countries was convened at Buenos Aires in August-September 1978, towards the end of a volatile decade that had seen the dramatic rise of the Organization of Petroleum Exporting Countries and a sustained effort by developing countries to negotiate a New International Economic Order. It signified a coming to terms with the political reality that no change would be possible in international economic relations unless the South became more capable and self-reliant.

7. The Conference made 38 recommendations, most of them indicating the aims and direction of action rather than specific content, and were focused on four fronts: national, subregional and regional, interregional, and global. The largest number of recommendations were directed at the national level and focused on the need to support technical cooperation among developing countries with policies, institutions, programmes and information systems. A particular emphasis was placed on developing research and training institutions of multinational scope. Technological, economic and social self-reliance were key aims. Governments were called upon to foster cultural and educational links in order to create increased awareness of other developing countries, and to mobilize public support for technical cooperation among developing countries with a view to reducing the attitudinal barriers built up during the colonial period. At the regional and global levels, governments were requested to exchange development experience, jointly identify common development problems and solutions, and maximize the use of developing country capacities in international cooperation for development. United Nations agencies and programmes were requested to support technical cooperation among developing countries by incorporating it into their policies and practices, with the full support of developed countries.

8. In endorsing the Buenos Aires Plan of Action[1] and calling for its implementation by governments, United Nations agencies and other intergovernmental bodies at the subregional and regional levels, the General Assembly, in resolution 33/134 of 19 December 1978, underlined especially the need for cooperation in the areas of employment and training. It called on the United Nations development system to take expeditious action and for continued consultations among United Nations bodies on technical cooperation among developing countries. To support the objectives of technical cooperation among developing countries, the Administration of the United Nations Development Programme (UNDP) was requested to give the necessary orientation to the activities, programmes and projects of UNDP, including the strengthening of its Special Unit for Technical Cooperation among Developing Countries. To review and assess progress, the Assembly requested UNDP to convene annual meetings of a high level committee.

B. High-level Conference on Economic Cooperation among Developing Countries, Caracas, 1981

9. The High-level Conference on Economic Cooperation among Developing Countries was convened by the Group of 77 at Caracas in May 1981, a time of global crisis. The Conference noted that the

crisis was a reflection of the underlying structural maladjustment and the persisting lack of equity in international economic relations, which was being exacerbated by the deterioration of relations between the great powers, aggravation of international tensions, the intensification of the arms race, colonialism, interference in internal affairs, apartheid, racism, racial discrimination and all forms of foreign aggression, occupation, domination, hegemony, expansion and exploitation.

10. The Conference adopted a far-reaching set of recommendations under nine headings: trade; technology; food and agriculture; energy; raw materials; finance; industrialization; technical cooperation among developing countries; and mechanisms for coordination, monitoring, follow-up action and evaluation. In each area, the Conference recommended increased linkages, improved information flows, greater cooperation among institutions, and the convening on a regular basis of meetings of officials at the policy and operational control levels.

11. To increase trade among developing countries, the Conference recommended the launching of negotiations on a global system of trade preferences among developing countries and joint initiatives to maximize efficiencies in marketing and transfers of technology.

12. To address the severe problems of finance facing developing countries, the Conference urged an expert study of the proposal for a non-aligned solidarity fund and a bank for developing countries, and continued work within the United Nations Conference on Trade and Development (UNCTAD) on the creation of an export credit guarantee facility.

13. With regard to technical cooperation, the meeting recommended the drawing up of a model contract for recruiting experts from developing countries and the convening of biennial meetings of the heads of national technical cooperation agencies to review, assess and follow-up recommended action.

14. The largest number of specific recommendations was under the rubric of mechanisms. The Conference recommended the creation of a high-level committee for intergovernmental follow-up and coordination at the global level, which would meet once a year to review information collated by the Chairman of the Group of 77 and regional coordinators. The results of sectoral reviews every two years should, it recommended, be forwarded through the high-level committee to the ministerial meeting of the Group of 77 for a thorough review and appraisal of activities in economic cooperation among developing countries.

15. *The Conference urged members of the Group of* 77 which maintained permanent missions to the United Nations in New York to depute staff to help the Chairman of the Group according to the following pattern: one from each regional group; one from the country holding the chair; one from the country in which the high-level meeting was last convened; and one from the country in which the next meeting would be held. Governments were requested to pay the costs of expert and other meetings when they were not covered by an international agency and, through a Group of 77 account for economic cooperation among developing countries, to finance such activities as collection, collation, printing and distribution of documents and information. Each member of the Group was asked to pay $1,000 into that account annually, with larger contributions invited.

C. High-level Meeting on Economic Cooperation among Developing Countries, Cairo, 1986

16. The High-level Meeting on Economic Cooperation among Developing Countries, convened by the Group of 77 at Cairo in August, 1986, introduced three critical new elements that did not appear in the Caracas documents. One was agreement on the need to establish a sector-by-sector scale of priorities, including intersectoral integration, based on the criteria of mutuality of interest, economic benefits, viability and feasibility of projects and programmes. The second was to encourage the participation of non-governmental entities in South-South cooperation. Third, the meeting underlined the interrelationship between peace, security, development and economic cooperation among developing countries and accordingly stressed the importance of settling all disputes among developing countries by peaceful means.

D. South-South Conference on Trade, Investment and Finance, San José, 1997

17. Seventeen years after the adoption of the Caracas Programme of Action (A/36/333 and Corr.1, annex) the

ministers of the Group of 77 and China, during the South-South Conference on Trade, Investment and Finance held at San José, Costa Rica, in January 1997, took stock of a world that had been transformed by the end of the cold war, the swift onset of the digital age and the rapidly accelerating processes of globalization. In the San José Declaration and in the San José Plan of Action (see A/C.2/52/8, annex), the ministers noted the increase in the overall capacities and complementarities of developing countries, that globalization and liberalization had increased economic interdependence and that the revolutionary developments in informatics and information technology represented a historic opportunity for developing countries. It was noted that the participation of the private sector in the development of the national economies in developing countries had been increasing substantially, which had to be duly taken into consideration in South-South cooperation. It was recognized that it would be desirable to develop and strengthen a partnership among the different actors, including the public and private sectors, entrepreneurs, non-governmental organizations, community-based organizations and civil society.

18. With regard to trade, the ministers noted that the interregional variable was one of the sources of South-South cooperation, and called for a network of bilateral, trilateral and multilateral free trade initiatives and wider integration arrangements. With regard to finance, the ministers called for the intensified interaction of the Group of 77 in New York with the Group of 24 in Washington, D.C., as a way of strengthening relations between the United Nations and the Bretton Woods institutions. In the area of industrialization, the ministers endorsed the network of investment promotion services of the United Nations Industrial Development Organization as the nucleus of a South-South industrial investment promotion network and requested the agency to support the creation of regional metrology laboratories to help to improve the quality of manufacturing processes, standards and products. In calling for cooperation at the level of business enterprises, the ministers stated that issues of science and technology, particularly the technology programme of the Caracas Programme of Action, needed to be revisited as a South-South development priority. They urged Governments to extend financial aid, training, marketing support and information networks so as to create an enabling environment for entrepreneurship in the informal sector, which played an important role in the development of developing countries.

19. To help the landlocked and small island developing countries, the ministers called for bilateral and regional agreements on transit transport operations, joint ventures in the area of transit transport, and the strengthening of institutions and human resources dealing with transit transport. Introducing elements missing from the Caracas Programme of Action, the ministers noted the important role of women in development and the necessity of engaging the participation of civil society in South-South cooperation. They urged the creation of institutional mechanisms to provide the financing, market information, technology, education and training that would enable women workers, producers and their microenterprises to benefit from the process of globalization, and encouraged the networking of women's organizations in developing countries as part of the expansion of South-South cooperation.

E. High-level Conference on Regional and Subregional Economic Cooperation of the Developing Countries, Bali, 1999

20. At the High-level Conference on Regional and Subregional Economic Cooperation of the Developing Countries, held at Bali, Indonesia, in December 1998, the Group of 77 issued the Bali Declaration and the Bali Plan of Action on Regional and Subregional Economic Cooperation of the Developing Countries (A/53/739, annexes I and II). In addition to repeating earlier recommendations on the creation and strengthening of mechanisms for closer consultation, communication and networking among developing countries, there were a number of new proposals for action. The Conference urged publication of an annual statistical yearbook on the developing country groupings, the creation of consultative mechanisms to promote timely study of the impact of economic blocs and economic crises on those groupings. It urged that workshops be held on multilateral negotiating skills for government officials.

21. With regard to transport and communications, the Conference urged the creation of common transportation and communication infrastructure, including harmonized national traffic codes, road rules, railway technical specifications and

telecommunications networks. To revitalize trade, industrial and financial cooperation, it urged the creation of regional funding facilities, common payment mechanisms and currency convertibility, as well as the creation of surveillance mechanisms to give early warning of emerging crises. It urged greater regional interaction by businessmen and women, and the creation of interregional networks of chambers of commerce and industry, trade and professional associations, parliamentarians, scientists, academics, young entrepreneurs and scholars.

F. South Summit, Havana, 2000

22. At the first South Summit meeting, held at Havana in April 2000, the heads of State and Government of the developing countries considered development in the context of three overarching themes: globalization, South-South cooperation and North-South relations. In the Declaration and Programme of Action adopted at the Summit (A/55/74, annexes), it was recognized that the platforms, strategies and plans of action adopted by the Group of 77 and the Non-Aligned Movement constituted a comprehensive philosophy and framework for action, and that progress over the years had not been commensurate with the comprehensive nature of their comments.

23. To overcome whatever factors had limited that cooperation, the Summit proposed a set of institutional measures, unprecedented in specificity and scope. The Summit recommended that the office of the Chairman of the Group of 77 in New York be upgraded to a compact executive secretariat and that all members of the Group contribute $5,000 (or more) annually to support it. An additional $10 million fund was proposed to help implement the Summit's other decisions, which included: a review of all existing South-South cooperation programmes with a view to identifying complementarities; coordination of the networking of research institutions in the South to improve the analytical ability available to the Group; and the publication of an annual report on South-South cooperation, in collaboration with the UNDP Special Unit for Technical Cooperation among Developing Countries.

24. The Special Unit, when strengthened and endowed with adequate resources, was requested to establish a network of focal points of developing countries and create a multidimensional web of information for development. Other recommendations concerned the convening of groups of experts (acting in their individual capacities), to review the agendas of major multilateral conferences and guide developing countries in achieving a desirable outcome; the development of a vulnerability index which would focus attention on the risks of globalization for mainly agrarian developing countries; and the creation of a mechanism for monitoring, analysis, identification, management and follow-up, to ensure the effectiveness of South-South cooperation. Finally, the Summit recommended that the heads of State and Government of developing countries meet again in 2005.

G. Tenth Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries, Tehran, 2001

25. One year after the South Summit, the Group of 77 convened the Tenth Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries at Tehran in August 2001. It adopted the Tehran Consensus (A/56/358 and Corr.1, annex), which set out five strategic objectives for South-South cooperation: (a) consolidation of the South-South platform, to bridge the gap between set objectives and agreed actions and actual implementation, and to give members of the Group of 77 a strategic overview of the new global environment; (b) mobilization of the financial and skilled human resources necessary for the structured and institutional support of the initiatives of the Group, beginning with its secretariat in New York; (c) bridging of the knowledge and information gap by launching a South report as the basic reference and major policy and analytical tool for South-South cooperation; (d) forging of broad-based partnerships in support of South-South cooperation; and (e) mobilization of global support, from international agencies and the public, within the framework of the International Decade on South-South Cooperation and a United Nations day for South-South cooperation.

H. South-South cooperation and the achievement of Millennium development goals

26. The Programme of Action for the Least Developed Countries for the Decade 2001-2010 (A/CONF.191/11), adopted by the Third United Nations Conference on the Least Developed Countries, held at Brussels in May 2001, points to human and productive capacity-building, technical assistance and exchange of best practice, in particular with regard to issues relating to health, education, professional training, environment, science and technology, trade, investment and transit transport cooperation, as areas in which South-South cooperation has an important role to play by drawing on the expertise and resources that exist in the South. Most recently, the International Conference on Financing for Development, held at Monterrey, Mexico, in March 2002, in dealing with an issue generally considered only in its North-South context, encouraged South-South cooperation, including through triangular cooperation, to facilitate the exchange of views on successful strategies, practices and experience and the replication of projects. It also called for the strengthening of South-South cooperation in the delivery of assistance.

27. The organizations of the United Nations system that responded to a questionnaire sent in connection with the preparation of the present report, including UNCTAD, the International Atomic Energy Agency, the World Health Organization, the International Trade Centre UNCTAD/WTO, the Universal Postal Union, the United Nations Population Fund, the Joint United Nations Programme on HIV/AIDS, UNDP and the Department of Economic and Social Affairs of the United Nations Secretariat, indicated substantial support for cooperation among developing countries. Asked which development goals could be best pursued through South-South cooperation, respondents were unanimous in pointing to environmental protection. Gender equality was also strongly supported as an area for South-South cooperation. Respondents were also unanimous in considering that countries pivotal to technical cooperation among developing countries could best advance South-South cooperation by building strong centres of excellence. Support for a United Nations decade for South-South cooperation and the proposal of the Group of 77 to establish a solidarity fund was also strong. Asked which five activities they would recommend be carried out during the proposed United Nations day for South-South cooperation, there was strong support for activities that would focus on raising awareness. Activities to assess the impact of South-South cooperation, increase discussion of different approaches, and highlight obstacles and benefits were also recommended.

IV. Emerging issues

28. The basic priorities for South-South cooperation have not changed in the past four decades: at the top of the list are increased trade, equitable participation in the global economy, the transfer, adaptation and innovation of technology for development, and building greater internal capacity to deal with a range of severe economic problems. The global context in which these priorities are pursued has, however, changed dramatically from what it was three decades ago.

29. Rapid globalization has added new imperatives to cooperation among developing countries. Experience has underlined the need to deal with complex interlinkages: for instance, cooperation to upgrade human resources, once focused mainly on training, must now also cover such issues as health, morbidity, social security, human rights, gender and generational equity.

30. Cooperation to build supportive infrastructure for transport, communications and information systems is not only a means to remedy shortcomings but also to make use of new technologies that offer developing countries an unprecedented opportunity to overcome many old obstacles. The induction of business, civil society and non-governmental organizations into the South-South process has changed its dynamics and holds out the hope that the predominantly economic and technological focus of such cooperation can be broadened to include issues that must be addressed if the societies of developing countries are to become not only more affluent and technologically competent but more caring of people and the natural environment.

31. Two areas of South-South cooperation that have gained more prominence in South-South dialogue in recent years were barely mentioned in the seminal documents of the Group of 77 of the early 1970s. One is environmental protection. Preparations for the United Nations Conference on Environment and Development, held at Rio de Janeiro, Brazil, in June

1992, engaged the Group in environmental issues to an unprecedented degree. Since then, that involvement has continued and grown as developing countries entered into global negotiations on instruments to give legal form to commitments contained in Agenda 21,[2] on the environment and development. At the operational level, action to protect the natural environment has been a growth sector in South-South cooperation.

32. The second important area that is not addressed in the major documents of the Group of 77 is subregional, regional and international security. Because security issues have been dealt with by the Non-Aligned Movement, they have not been integrated into the South-South agenda of the Group of 77. In recent years, however, the increasingly destructive impact of conflicts within and among developing countries has required their consideration within the context of development.

33. Conflict prevention, peacemaking, disarmament and demobilization of combatants, and post-conflict reconstruction have all been drawn into the framework of cooperation among developing countries. In Latin America and Africa, South-South cooperation has been important in initiating action to cope with the destabilizing proliferation of small arms and light weapons in areas of conflict. Preparations for the United Nations Conference on the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, held in New York in July 2001, sharpened attention on the need for regional and interregional cooperation. Developing countries have also addressed the broadest issues of international security by adopting treaties declaring nuclear-weapon-free zones in Latin America and the Caribbean, Asia and Africa.

34. Since the early 1990s, the proliferation of declarations and action plans relevant to South-South cooperation and the transformed global context have made obvious the need for a fundamental review and reorientation. In regard to technical cooperation among developing countries, the General Assembly, acting on the initiative of the Group of 77, adopted resolution 49/96 of 19 December 1994, in which it called for new directions and for policies and practices to focus on the strategic interventions that were likely to have a major impact on a large number of developing countries and help them to face the challenges of globalization.

35. Trade and investment, debt, the environment, poverty alleviation, production and employment, macroeconomic policy coordination and and management, were all identified as areas to be addressed. On the broader issues of economic cooperation among developing countries and South-South cooperation, the South Summit and the Tehran Consensus have indicated the need for more focused efforts within the Group of 77 to articulate priorities and to act on them. The specific reference by the South Summit to the Non-Aligned Movement opens the door to considering how security and development issues can be incorporated conceptually into a common framework for South-South cooperation.

V. Lessons learned

A. National action

36. The South-South record of cooperation has not been subjected to detailed review and assessment in terms of goals met, but two observations can be made on the available evidence. One is that significant progress has been made in South-South cooperation.

37. There has been considerable progress made with regard to technical cooperation, and it has been largely an indigenous effort. By the 1990s, a number of developing countries in every region had emerged as net providers of technical assistance: Egypt and Tunisia in Africa; China, India, Thailand, Singapore and Indonesia in Asia; Argentina, Brazil, Chile, Colombia, Mexico, Cuba and Venezuela in Latin America; and Turkey, Malta, Cyprus and Poland in the Eastern Europe-Mediterranean area.

38. These countries, formally recognized as pivotal to technical cooperation among developing countries, have been hubs of intra-South cooperation. Some of them now expend substantial resources on outreach to other developing countries. For example, India budgeted $170 million for South-South cooperation activities in the biennium 1999-2000 and has a diversified scholarship programme that annually hosts some 2,000 nationals of other developing countries. Turkey committed 80 per cent of its 1999-2000 development cooperation budget of $180 million to technical cooperation among developing countries; in 2001, it reported signing 72 bilateral agreements with 44 developing countries, 30 of them for economic or technical cooperation. Brazil consults annually with Latin American and Caribbean countries before

drawing up its programmes of cooperation, funded nationally and from multilateral sources. China has a diverse portfolio of cooperative projects with other developing countries and, in 2000, decided that over a two-year period it would reduce or cancel some $1.2 billion in debt owed mostly by African least developed countries.

39. Singapore had a $14.8 million budget in 2000 for its portfolio of projects for technical cooperation among developing countries, much of it dedicated to training programmes that involved some 7,000 nationals from 133 countries. Sri Lanka has trained personnel from its region in areas of indigenous expertise, including the extraction and use of banana fibre, wind power and crab breeding. Often, countries have cooperated on an interregional basis. Cuba has provided medical experts and health-care systems to many countries outside the Latin America and Caribbean region. In Africa, Benin, Seychelles and Uganda have worked through joint commissions with other developing countries to identify priorities for South-South cooperation. India has run programmes on farming and entrepreneurship development in Burkina Faso, Namibia and Senegal.

40. Activities in technical cooperation among developing countries have also spread to non-traditional areas: in designing its ombudsman system, Peru drew on Guatemala's experience with its Peace Commission (which had helped to bring its long-standing civil war to an end), and on South Africa's use of a post-apartheid truth commission. Moldova and Romania have developed a plan to exchange expertise and experience in managing external debt. Some South-South projects are tailored to even more specific needs: in 1999, Malaysia, with its diversified portfolio of South-South initiatives, developed a training programme solely for diplomats and public servants in Myanmar.

41. In facing new challenges, developing countries have pooled resources and forged new partnerships among themselves and with non-governmental and intergovernmental organizations. In 1999, Indonesia hosted a series of interregional brainstorming sessions on issues relevant to globalization. Working with the South Centre and the Third World Network, Governments have articulated joint positions on trade and investment policies and prepared the South agenda for global negotiations. A project funded by the Organization of American States and led by Peru to study the impact of El Niño, has involved the cooperation of Chile, Colombia, Ecuador and Panama.

42. The overall picture of national performance on South-South cooperation requires improved synergy and strategies in order to tap into the vast natural resources and growing cadre of experts in the South. At the global level, developing countries need to provide adequate support to institutions responsible for the promotion and coordination of South-South cooperation, such as the office of the Chairman of the Group of 77 in New York, and the UNDP Special Unit for Technical Cooperation among Developing Countries.

B. Donor countries

43. Developed countries have provided vital support for South-South cooperation, in particular in the area of human resource development, research and institutional capacity-building. Aid is being increasingly targeted at groups of countries or institutions that address overarching thematic issues. The European Union, for instance, has supported programmes that engage large numbers of countries in the expansion of trade, protection of the environment and development of human resources in Africa. The Netherlands has co-financed sectoral programmes in 22 developing countries through multi-donor basket funds, providing support for the use of the technical resources of the South in any element of the programme.

44. In general, donor countries have preferred to facilitate South-South cooperation by supporting centres of excellence and knowledge networks. Sweden is financing three networks in Asia (on renewable energy technologies, energy research, and environment and climate) and two in Africa (on energy policy and biotechnology). Some donors have also made greater use of experts from the South in their bilateral programmes. Noteworthy cases include the third-country training arrangements of Japan with Kenya, Mexico, Singapore and Thailand; the training arrangements of Sweden, based in Singapore and Uruguay; the arrangements of Canada with Singapore; and those of Australia with the Association of South-East Asian Nations (ASEAN), Fiji, Papua New Guinea, Samoa and Vanuatu.

45. In research and development, some significant success stories can be attributed to alliances between

institutions of the South and the North. The production of high-yielding new rice varieties in West Africa involved collaboration among African, Asian, European and North American scientists under the auspices of the West Africa Rice Development Association. Technical input from institutions in developed countries, such as Japan, complemented the efforts of 17 African member institutions of the West Africa Rice Development Association, the International Rice Research Institute in the Philippines, the International Institute of Tropical Agriculture in Nigeria and a similar institute in China. A programme on sustainable development of the Greater Mekong Basin has also benefited from triangular cooperation, with funding from Germany, Japan and other developed countries supplementing resources from the Asian Development Bank.

46. The most important lesson to be drawn from existing examples of triangular cooperation is that, when institutions and experts in the South are adequately funded and able to network with their peers in the developed world, development outcomes improve and centres of excellence in the South are strengthened. In meeting the challenges of sustainable development, the future clearly must lie in the creation of increasing numbers of such centres in developing countries.

47. Efforts aimed at regional and subregional integration and cooperation among developing countries have multiplied in the past four decades. Every developing country now belongs to one or more such grouping. However, only a few, such as the Association of South-East Asian Nations, Mercosur (the South American common market), CARICOM (the Caribbean Community), the Southern African Development Community and the South Asian Association for Regional Cooperation, have succeeded in changing regional profiles in the global context. The vast majority of other efforts made to bring about South-South cooperation have been ineffective and remain little known outside their immediate membership.

48. The most successful groupings of the South have been the basis for increased participation in the global economy. A number of countries in East and South Asia and Latin America have grown rapidly by opening their economies to foreign investment and allowing transnational corporations to incorporate them into international production chains. Largely because of this, intraregional trade has grown substantially in recent years. According to UNCTAD calculations (done for the present report, based on statistics of the International Monetary Fund), the exports of Latin American developing countries to one another accounted for 16.4 per cent of their total exports in 2000. The intraregional exports of East and South Asia accounted for 39.1 per cent of their total exports in the same year. Intra-African trade was much lower than in other major developing country regions; the exports of African countries to others in the region was around 7 per cent of their total trade. Although the figures for Asia and Latin America seem better, they actually represent the economic performance of a few countries. The majority of developing countries continue to be embedded in the North-South paradigm set during the colonial period.

C. Role of the United Nations system

49. Technical assistance within the United Nations system, which used to be mainly North-South, has been transformed over the past four decades. It can now be North-South, South-South, or involve one or more parties from North and South in a variety of equations known as triangular cooperation. This is clearly evident in the operations of UNDP whose most recent programmes stress the need to disseminate best practices and lessons learned among the countries that it assists. Capacity-building has been the main thrust of these programmes, and many have focused on creating the systems and skills necessary for countries to integrate into the global economy. Through its Special Unit for Technical Cooperation among Developing Countries, UNDP provides the substantive secretariat for the High-level Committee on the Review of Technical Cooperation among Developing Countries established by the General Assembly in 1980. The Unit also serves as the focal point and coordinator of South-South cooperation in the United Nations system.

50. Other United Nations agencies and programmes also reflect extensive use of South-South approaches, but do not always use the term "South-South cooperation" in referring to their work.

51. Several factors have contributed to the spontaneous mainstreaming of South-South cooperation, which requires more conscious planning and coordination. One is the generally unadvertised growth of technical capacity within developing

countries. Another is the erosion of the attitudinal barriers that often made the Governments of developing countries reluctant to accept experts from other developing countries. A third factor is the wave of reform in the United Nations system that in recent years has decentralized the operational control of many activities to field offices. The organic growth of the South-South approach is commendable but it can profit from improved overall strategy and mechanisms to monitor progress, promote synergy and measure impact. The biennial meetings of the High-level Committee on the Review of Technical Cooperation among Developing Countries cannot undertake these tasks with the logistical arrangements currently in place without institutional and financial backing at the global, regional and national levels.

52. On the larger processes of South-South cooperation, there has been no major international review since 1994. In recent years, the need for such a review has grown in the light of the proliferation and range of initiatives. In addition to the better known examples, such as ASEAN, Mercosur, the Southern African Development Community, the Gulf Cooperation Council and the South Asian Association for Regional Cooperation, there are many that have languished for a variety of reasons, including a lack of institutional capacity and resources to establish and maintain the infrastructure necessary for cooperation. An additional factor in need of ongoing review and assessment is the impact on such cooperation efforts by the World Trade Organization (of which not all developing countries are members) and recent regional arrangements, such as the North American Free Trade Association, involving major developed countries and developing countries.

53. Since the convening of the United Nations Conference on Technical Cooperation among Developing Countries at Buenos Aires, other major United Nations conferences have underlined the need for South-South cooperation, in some cases using the politically neutral term "regional cooperation". For instance, in the Vienna Declaration and Programme of Action adopted in 1993 (see A/CONF.157/24 (Part I), the World Conference on Human Rights argued that regional arrangements played a fundamental role in promoting and protecting human rights, and called for their creation and strengthening. It placed human rights firmly in the development perspective, stating that democracy, development and respect for human rights and fundamental freedoms were interdependent and mutually reinforcing, and calling on States to cooperate with each other in ensuring development and eliminating obstacles to development. Among the obstacles it noted were extreme poverty, the illicit dumping of toxic wastes, the external debt burden of developing countries, and certain advances, most notably in the biomedical and life sciences as well as in information technology which might have potentially adverse consequences for the integrity, dignity and human rights of the individual.

54. In July 2001, the United Nations Conference on the Illicit Trade in Small Arms and Light Weapons in All Its Aspects also made a number of specific recommendations for cooperation at the regional level,[3] to combat problems with a wide range of humanitarian and socio-economic consequences that posed a serious threat to sustainable development. Noting the linkage between the illicit arms trade, the trafficking of narcotic drugs, crime and terrorism, the Conference called for cooperation, including technical cooperation, at the subregional and regional level, to agree on legal instruments and operational arrangements necessary to deal with the issues. It urged trans-border customs cooperation and the creation of networks for information-sharing among law-enforcement, border and customs control agencies. Action on small arms and light weapons within the context of development cooperation had been initiated within the United Nations system prior to the Conference. UNDP, for example, has been engaged in supporting regional and national projects oriented towards post-conflict reconstruction, which include elements of demobilization of combatants, disarmament and destruction of weapons. Another important area of considerable relevance to South-South cooperation is mine clearance, where the United Nations system has been quite active.

VI. Conclusions

55. The basic concepts, direction and thrust of South-South cooperation continue to be relevant despite drastic changes in the global context. Cooperation among developing countries is critical for their own welfare and a necessary supplement to their cooperation with developed countries. Despite institutional weakness and a continuing scarcity of human and financial resources, there has been a broad

record of cooperation and achievement. South-South approaches have a major role to play in furthering development, provided they receive the consistent support of Governments of both developed and developing countries and of international organizations.

56. The strategic objectives of collective self-reliance and capacity for greater participation in the world economy have not been realized by most developing countries. Perhaps equally important has been that cooperative effort has been envisaged almost exclusively as economic and technical; such critical issues as the environment, human rights, governance and corruption, all serious problems shared by countries of the South, have been considered too sensitive for joint action. The whole area of governance, including the critically important area of human rights, has been missing from the South agenda until very recently.

57. It is to be noted that although developing countries have generally tended to view these issues as less pressing and have rarely included them in South-South documents in the belief that it would trammel their top priority of economic growth, attitudes are changing rapidly. On human rights, the change was clearly signalled in the strong consensus statement issued recently by the African Development Forum meeting in March 2002 at the summit level. African heads of State and Government declared the interdependent elements of peace, security, democracy and human rights to be basic requirements. They decided to expedite ratification of the Protocol to the African Charter on Human and Peoples' Rights, concerning the establishment of an African Court on Human and Peoples' Rights, and to expand the mandate of the African Commission on Human and Peoples' Rights to enable it to monitor and report on human rights violations while they were taking place, with a view to taking preventive action as well as seeking remedies after the fact.

58. Another critical area for South-South cooperation that has received only occasional attention in South-South documentation is the prevention and cessation of armed conflict within and among developing countries. As noted in paragraph 16 above, the ministerial meeting of the Group of 77 held at Cairo in 1986 underlined the interrelationship between peace, security, development and economic cooperation among developing countries and accordingly stressed the importance of settling all disputes among developing countries by peaceful means. There has, however, been little analytical attention paid to the linkages mentioned, and most efforts at South-South conflict-prevention and peacemaking have been made at the regional and subregional levels; they have been unable to address situations that have global ramifications.

59. Areas of particular importance that have been ignored in major South-South policy pronouncements include the international flow of small arms and light weapons and its subversive and criminal relationship to the illicit drug trade and money-laundering. The illicit trade in narcotic drugs, with an estimated value of $500 billion a year, is now one of the largest elements of international trade and has been a strong anti-democratic influence in global affairs, pumping enormous amounts of money into criminal and terrorist circles and making it difficult for many developing countries to maintain sovereign control of their natural resources.

60. Significant obstacles to progress in South-South cooperation have been the lack of adequate information, inefficient or underdeveloped infrastructure, weak financial support and lack of a concerted effort to implement the remedies outlined in a large volume of unheeded action plans. However, there are also other issues that need critical examination. Many Governments of developing countries have not assumed the financial and other responsibilities for improved planning, programming and coordination that could change the ad hoc manner in which South-South initiatives are currently supported.

61. Although United Nations organizations have enabled noteworthy progress to be made in South-South cooperation and all agencies and programmes now make substantial use of expertise from developing countries, the potential of the United Nations system to support South-South cooperation has not been fully realized. Several factors have been responsible.

62. One factor is the inadequacy of financial and human resources in existing organizational mechanisms within the United Nations system for the strategic direction and monitoring of South-South activities. Another is the persistence of the belief within the United Nations system that technical cooperation among developing countries is a sectoral activity.

Unless it is seen as a cross-cutting element that requires clear policy and management, strategic aims cannot be realized.

63. The foregoing analysis demonstrates that, over the years, developing countries have succeeded in setting an elaborate agenda for South-South cooperation but its implementation remains sluggish owing to multiple constraints. Initially, the agenda lacked balance: it focused more on economic growth, while neglecting the social, political and environmental factors that underpin cooperation and development. In attempting to extend the scope of South-South cooperation to a wide range of social and economic sectors, the South acquired an overburdened agenda that requires consolidation around a manageable set of goals. The analysis also shows that the institutions and mechanisms that act on the South-South agenda need strengthening, adequate funding, increased South-South information flows, and widespread understanding of the potential benefits of South-South cooperation. At the operational level, developing countries, United Nations agencies and donors need to abandon ad hoc approaches to South-South cooperation by concentrating resources on well-coordinated programmes. This will require deploying higher levels of human and financial resources to the institutions charged with the planning, coordination and monitoring of South-South cooperation.

VII. Recommendations

A. Consolidating the South-South agenda

64. **A high-level group of experts should be convened to align the South-South cooperation agenda with the Millennium development goals. The group should also recommend measures to strengthen the institutions and mechanisms of the South through which developing countries could pursue development goals in a concerted and coordinated manner.**

B. Monitoring South-South efforts to meet the Millennium development goals

65. **The coordination of South-South cooperation by the UNDP Special Unit for Technical Cooperation among Developing Countries should be focused more on catalysing and monitoring South-South efforts to meet the Millennium development goals. The Unit should prepare a report every two years, highlighting the action taken or not taken in this regard. The report should be considered by the High-level Committee on the Review of Technical Cooperation among Developing Countries.**

C. Addressing factors eroding development gains

66. **UNDP, the United Nations Children's Fund and the United Nations Educational, Scientific and Cultural Organization should collaborate in promoting the inclusion of peace education as a standard element in school curricula. The conference on South-South cooperation and the reconstruction of Afghanistan, convened jointly by the Government of India and UNDP at New Delhi on 23 and 24 May 2002, is one example of South-South cooperation in post-conflict situations that could be evaluated for possible replication, drawing upon the experience gained in countries such as Cambodia, East Timor, Mozambique and Rwanda.**

D. Building a South-South research and analytical capacity

67. **The UNDP Special Unit for Technical Cooperation among Developing Countries, in cooperation with existing arrangements, should facilitate the development of a South-South research and analytical capacity by identifying universities and research centres in the South that could play a lead role in researching policy options and other relevant areas on each Millennium development goal. The Unit would establish links with such institutions with a view to building a global network that would focus on measures to meet the Millennium development goals within the framework of South-South cooperation.**

E. Strengthening partnerships

68. **UNDP should, through its Special Unit for Technical Cooperation among Developing Countries, build strong partnerships with the**

private sector and centres of excellence in the South, donors, and institutions in the North by recognizing their contribution through the presentation of annual awards for: (a) a corporate leader in the South who has made a significant contribution to South-South cooperation; (b) a centre of excellence in the South for exemplary promotion of South-South cooperation; (c) an institution in the North or a donor agency which has provided outstanding support to South-South activities; and (d) an individual who has made outstanding contribution to South-South cooperation. The award ceremony should coincide with the annual ministerial meeting of the Group of 77, and should have the Secretary-General as Chief Patron.

F. Improved coordination and oversight of South-South cooperation

69. The proposed decade for South-South cooperation would be a major undertaking, requiring a strong coordinating mechanism. In this regard, the Special Unit for Technical Cooperation among Developing Countries, which coordinates South-South cooperation in the United Nations system needs reinforcement in terms of human and financial resources. The General Assembly should consider renaming the Unit as the Special Unit for South-South Cooperation, in accordance with its function as coordinator of South-South cooperation in the United Nations system.

G. Building a global community of practice on South-South cooperation

70. National focal points for technical cooperation among developing countries should be transformed into national committees for South-South cooperation in order to strengthen institutional mechanisms for coordinating cooperation among developing countries. The Special Unit for Technical Cooperation among Developing Countries should link the national South-South committees through its Internet-based information system, the Web of Information for Development (WIDE), to create a global networked community of practice on South-South cooperation.

71. The High-level Committee on the Review of Technical Cooperation among Developing Countries should review all aspects of South-South cooperation, and its membership be expanded to include representatives of regional and subregional groupings.

H. Improved funding base

72. The Trust Fund for South-South Cooperation should be included in the United Nations pledging conference.

73. The Special Unit for Technical Cooperation among Developing Countries should build partnership with regional development banks with a view to mobilizing more financial resources and building capacity for South-South cooperation in various sectors.

I. Raising awareness

74. New efforts must be made to expose South-South activities to the mass media and other channels of communication, such as television, radio, newspapers and academic journals.

75. The above-mentioned group of experts should recommend specific actions for launching the United Nations decade on South-South cooperation and the United Nations day for South-South cooperation. A high-level international commission should be established by the Group of 77 with support from development partners in the North to report at the mid-point of the decade on the status and future of global cooperation for development.

J. Revitalizing South-South cooperation

76. As we approach the twenty-fifth anniversary of the convening of the United Nations Conference on Technical Cooperation among Developing Countries, it is time to take stock of what has been achieved, regroup and consolidate ongoing initiatives, formulate creative new approaches to the challenge of globalization, and set in motion a revitalized process of cooperation among developing countries.

Notes

[1] *Report of the United Nations Conference on Technical Cooperation among Developing Countries, Buenos Aires, 30 August-12 September 1978* (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

[2] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.

[3] See *Report of the United Nations Conference on the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, New York, 9-20 July 2001* (A/CONF.192/15), chap. IV.

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Final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

Independent evaluation of the United Nations New Agenda for the Development of Africa in the 1990s

Report of the Secretary-General

Summary

As part of the preparations for the final review and appraisal of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), the General Assembly requested that an independent evaluation of the New Agenda be undertaken. The Secretary-General established a 12-member Panel of Eminent Personalities to undertake that assignment. The report of the independent evaluation is contained in document A/57/___. In resolution 56/218 of 21 December 2001, the Assembly requested the Secretary-General to prepare a report on the independent evaluation as well as to make proposals on the modalities of the United Nations future engagement with the New Partnership for Africa's Development (NEPAD). The present report responds to that request.

Given that the independent evaluation has provided a detailed assessment of the achievements and problems in the implementation of the New Agenda, this report begins by drawing attention to the lessons learned in the implementation of the New Agenda. This is followed by proposals on the modalities of United Nations future engagement with the New Partnership, which is recommended as the successor policy framework for Africa's development. The report concludes with a number of recommendations to support the implementation of the New Partnership, with a focus on a carefully targeted set of actions by the African countries as well as the international community.

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I. Introduction

1. The United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) was adopted by the General Assembly in its resolution 46/151 of 18 December 1991, which also outlined a schedule for the periodic review of the New Agenda. Subsequently, in resolution 51/32 of 6 December 1996 on the mid-term review of the New Agenda, the Assembly decided that the final review and appraisal of the New Agenda would be conducted in 2002. The Economic and Social Council, in its agreed conclusions 1999/2,[1] adopted at its 1999 coordination segment whose theme was "Development of Africa: implementation and coordinated follow-up by the United Nations system of initiatives on African development", requested the Secretary-General to commission an independent evaluation of the performance of the New Agenda (para. 22).

2. The General Assembly, in resolution 55/216 of 21 December 2000, stressed that the evaluation should be independent and of high-level quality. In June 2001, the Secretary-General established a 12-member Panel of Eminent Personalities, assisted by a small team of consultants, to undertake the independent evaluation. In resolution 56/218, the Assembly requested that the Secretary-General prepare a report on the evaluation, and decided that the Ad Hoc Committee of the Whole of the General Assembly for the Final Review and Appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s should meet during the fifty-seventh session of the Assembly to conduct the final review and appraisal of the implementation of the New Agenda and related initiatives on the basis of the report of the Secretary-General on the evaluation as well as on proposals by the Secretary-General on the modalities of the United Nations future engagement with the New Partnership for Africa's Development (NEPAD). This report is a response to the above-mentioned request, and draws upon the results of the independent evaluation.

3. Given that the independent evaluation has provided a detailed assessment of the achievements and problems in the implementation of the New Agenda, this report draws attention to the key lessons learned. It also makes proposals on the modalities of United Nations future engagement with the New Partnership and concludes by making a few recommendations on how the African countries and the international community could enhance the implementation of the New Partnership.

II. Lessons learned from the implementation of the New Agenda

4. The independent evaluation identified five main lessons that could be learned from the experience of the implementation of the New Agenda. The Secretary-General would like to make the following comments on these lessons:

5. **Peace and security are vital to development.** This lesson needs to be reiterated since, in spite of the fact that the New Agenda had acknowledged the vital link between peace and development, the decade of the 1990s was marked by more intractable, violent conflicts and war-related atrocities than Africa had ever witnessed. In all countries and subregions where violent conflicts and civil strife prevailed, development suffered a major setback. Indeed, the Secretary-General's 1998 report (A/52/871-S/1998/318) on the causes of conflict and the promotion of durable peace and sustainable development in Africa identified the causes of conflict in the continent and noted that "Africa as a whole has begun to make significant economic and political progress in recent years, but in many parts of the continent progress remains threatened or impeded by conflict" (para. 2). In response to that report, the General Assembly set up an open-ended Ad Hoc Working Group of the General Assembly on the Causes of Conflict and the Promotion of Durable Peace and Sustainable Development in Africa, to monitor the implementation of the recommendations contained therein. The Working Group met in 2000 and 2001. An inter-agency and interdepartmental Task Force has been set up to closely monitor the implementation of the recommendations and prepare the Secretary-General's annual report to the Assembly. The progress report to be presented to the fifty-seventh session of the Assembly gives details on the actions that have been taken to manage conflicts in Africa. More recently, the Secretary-General submitted a report on the prevention of armed conflict to the Assembly and the Security Council (A/55/985-S/2001/574 and Corr.1) and the Council subsequently established the Ad Hoc Working Group on Conflict Prevention and Resolution in Africa. Although a number of steps have been taken to mitigate and resolve conflicts in Africa during the decade, a lot still

needs to be done. Learning from the experience of the 1990s, economic programmes and projects devised by the New Partnership must proceed alongside the strengthening of the processes and institutions for conflict prevention and management; for it is axiomatic that there can be no development without peace and that peace is not durable in the absence of development. The United Nations system will continue to actively promote peace and security in Africa.

6. **Development cooperation with Africa requires a new orientation.** The need to review the orientation of international development cooperation with Africa is increasingly being recognized. The evaluation report highlighted two points, which need to be taken into account, in this regard. First, it recognized that the overriding reliance on liberalization, privatization and market reforms in Africa during the period of the New Agenda has shown its limits. Second, it observed that African countries, with the involvement of civil society, should be allowed to design, direct and implement their policies and programmes consistent with their needs and circumstances. This would ensure their ownership of the programmes. Ownership is an important ingredient which stimulates commitment, inspires confidence and enhances the prospects of active implementation.

7. **Commitments need to be honoured.** The New Agenda was a compact of mutual commitments and accountability by the African countries and the international community. However, the independent evaluation noted that the "components of the New Agenda were partially implemented by African Governments and hardly at all by the donor community". This partly explains the lack of success in its implementation. In future, it will be important for commitments to be honoured. The commitments made by the international community in the New Agenda regarding aid, trade and debt relief remain pertinent and would need to be pursued even more vigorously in the context of the New Partnership. Accountability for donor resources by African countries should be matched by review of donor performance in aid delivery as proposed in the evaluation report. As such, appropriate mechanisms should be established to monitor donor commitments to Africa and a review of these commitments should extend beyond aid policies and practices and encompass trade and agriculture.

8. An effective monitoring mechanism will have to be put in place to periodically assess progress and ascertain whether all parties are fulfilling their commitments. There are several options to consider in devising such a monitoring mechanism. One would be to establish a national monitoring mechanism in each African country, which, in addition to reporting on the Government's actions for a particular programme, for example, the New Partnership, will also report on the support that it is receiving from the international community. Such reports could be discussed at national consultative forums on the programme. This would have the obvious advantage of strengthening national ownership and awareness of the programme at the national level. Another option would be to anchor the monitoring mechanism to a subregional or regional organization which would have the responsibility of collecting and analysing data and information from the national Governments and organizing subregional or regional stakeholders meetings to periodically share experiences on the implementation of the programmes. Still another option would be to have an independent group of eminent personalities, supported by technical experts, undertake periodic review of agreed commitments in a programme and submit a report that could form the basis for peer review of performance. The peer review mechanism designed for the New Partnership has adopted the latter model.

9. Closely related to the need to devise a monitoring mechanism is the need to establish precise indicators and targets for goals that are set in a programme. Indicators are particularly useful in establishing common reference points for assessing progress or the lack of it. Special effort should be made at the very early stage of monitoring a programme to define selected targets and indicators to measure agreed goals. The New Agenda set two main targets, concerning the rate of growth of gross domestic product (GDP) and level of official development assistance (ODA). The independent evaluation noted that "the lack of indicators attached to the New Agenda's goals and policies, with the exception of growth and aid, did not permit precise monitoring of the implementation of the New Agenda by any of the actors involved". Without ample number of targets and indicators, assessing performance in the implementation of agreed goals in a programme all too often leads to mere generalizations.

10. **Strengthened advocacy for Africa's development remains essential.** One of the acknowledged contributions of the United Nations system in support of Africa's development, especially

in the last decade, has been in raising international awareness about the needs of the region. This has stimulated greater appreciation of not only the achievements but also the difficulties in the region. In consequence, the concerns of Africa have been highlighted in the declarations of the global conferences and the United Nations Millennium Declaration.[2] It is vitally important that the United Nations system remain in the vanguard of advocacy for international support for Africa's development. However, other development partners also have a role to play in advocating for African development.

11. **Improved coordination and collaboration among United Nations agencies in Africa can help.** As the activities of United Nations agencies have grown, so has the need for improved coordination and collaboration among them. This reflects the recognition that enhanced coordination and collaboration can produce results that exceed the sum total of each individual's contribution and magnify the overall impact of the system. To achieve these objectives will require more resources for Africa and also greater coherence in the operations. The modalities presented in the next section will address some of the concerns of the evaluation report.

III. Proposals on the modalities of the United Nations future engagement with the New Partnership for Africa's Development

12. The Secretary-General, in his keynote address to the 2001 high-level segment of the Economic and Social Council, pledged the support of the United Nations to the implementation of the New Partnership.

13. The modalities of the United Nations future engagement with the New Partnership are based on the following premises:

- Promoting peace and development in Africa remains a priority of the United Nations.
- The primary responsibility for implementing the New Partnership rests with Africa, its Governments and peoples. This is consistent with the principle of African ownership and leadership of the New Partnership and one of the key lessons learned from the New Agenda. The role of the United Nations system is to support African efforts.
- The agencies and organizations of the United Nations system have accumulated much experience in contributing to Africa's development which they will bring to bear in supporting the implementation of the New Partnership.
- The New Partnership is an integrated framework that links the issues of peace and security with governance and development. As such, the United Nations system response to its implementation requires a comprehensive approach that encompasses peace and security, humanitarian, human rights, economic and social issues.

14. There is commitment in the New Partnership to achieving several of the millennium development goals and this represents an important linkage with the United Nations Millennium Declaration. In addition, the New Partnership fully reflects the priorities for meeting the special needs of Africa in the United Nations Millennium Declaration, namely, supporting the political and institutional structures of emerging democracies in Africa; building peacekeeping capacity further, in cooperation with regional organizations; taking special measures to address the challenges of poverty reduction and sustainable development by increasing ODA, enhancing private capital flows and building capacities for trade; and helping Africa build its capacity to tackle the spread of human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) and other infectious diseases. Drawing on the lessons learned from the New Agenda, where the absence of a detailed set of indicators hampered efforts at precise monitoring of progress in its implementation, has resulted in the proposal that, where there are areas not covered by the targets developed for the millennium development goals, some selected indicators should be developed to monitor the goals in the New Partnership. This effort will be pursued in close consultation with the Steering Committee of the New Partnership.

15. The agencies and organizations of the United Nations system will support the implementation of the New Partnership through a variety of actions, including: enhanced advocacy, undertaking technical cooperation for capacity-building, mobilizing resources for the New Partnership, monitoring and reporting on

their activities in support of the New Partnership, and strengthened coordination in the delivery of programmes for the New Partnership. The engagement of the United Nations with the New Partnership will be at three levels: country, regional and global.

Country level

16. The country level is where the priorities of the New Partnership will be translated into national policies and programmes for implementation. The United Nations has developed important programming and coordination tools, namely, the United Nations Development Assistance Framework (UNDAF) and the common country assessment (CCA), that would be used to support country-level efforts in the implementation of the New Partnership. The basic framework for the involvement of the Bretton Woods institutions with African countries is the Poverty Reduction Strategy Paper (PRSP). The PRSP is the operational framework for the Poverty Reduction and Growth Facility of the International Monetary Fund (IMF) and is linked with the World Bank's Comprehensive Development Framework and the common assistance strategy. The independent evaluation recognized the complementarity among these programming tools of the agencies and organizations of the United Nations system, but also noted that they impose additional layers of consultations with Governments and reporting requirements for the agencies. Thus, while the United Nations system will use the existing programming tools as the main mechanisms for engagement at the national level, special attention will be given to the need to reduce the burden of coordination on the Governments and the agencies themselves.

Regional level

17. United Nations agencies and organizations increasingly recognize the importance of improved coordination and collaboration among themselves at the regional level, for this constitutes one significant way that the United Nations system would help to advance the implementation of the New Partnership. Thus, the United Nations Chief Executives Board for Coordination (CEB), formerly the Administrative Committee on Coordination (ACC), affirmed that "Africa-wide programmes should provide the framework for increased collaboration at the regional and subregional levels".[3] It further emphasized the need "to shift the focus of inter-agency coordination increasingly to the regional level as a means to help to advance African leadership and ownership of their programmes" and encouraged United Nations system organizations "to participate in the inter-agency regional consultations being convened by the Economic Commission for Africa (ECA) in order to determine how they would assist in the implementation" of the New Partnership.[4]

18. The annual regional consultation meeting[5] of United Nations agencies working in Africa held in October 2001 examined lessons learned from the United Nations System-wide Special Initiative on Africa and their application to providing a coordinated United Nations system response for the implementation of the New Partnership at the regional level. The following points emerged from these consultations: organizing agencies around thematic clusters where they have complementary competence is important; the system of lead and co-lead agencies for clusters is useful; the availability of seed money helps to nurture collaboration within clusters; and an effective framework for monitoring and reporting on activities of the agencies is important.

19. Drawing on these lessons, the United Nations agencies and organizations in Africa offered some practical recommendations for their future engagement in support of the New Partnership. Agencies will form clusters around these priority areas and selected agencies are to serve as lead agencies for each of the thematic areas. The lead agencies will assume the responsibility of ensuring a coordinated response by the United Nations system to the given thematic area of the New Partnership. Six thematic areas under the New Partnership were identified for collaboration among agencies. These were: infrastructure; human resource development, including education skills development, reversing the brain drain, and health; macroeconomic policies, trade, and diversification; information and communication technologies; agriculture and environment; and population and employment. An additional thematic cluster on humanitarian and refugees concerns was identified by the agencies and subsequently included.

20. The annual regional consultation meeting also agreed that ECA would prepare a report based on contributions from all agencies providing an

elaboration of the collective inter-agency efforts in support of the New Partnership. Reporting is to be carried out on a cluster basis around the seven thematic clusters identified by the consultation. The annual regional consultations will act as a vehicle for systematic information-sharing and dialogue on how the United Nations system as a whole is supporting African priorities collaboratively for the purpose of reporting on how the United Nations agencies are relating to the challenge posed by the New Partnership.

21. Following these consultations, there has been considerable dialogue between a number of United Nations agencies and the New Partnership secretariat in terms of direct support to the New Partnership. However, one of the key challenges for the United Nations system is to ensure a coherent response to the New Partnership consistent with the decisions taken at the second regular session of CEB and the regional consultations in October. To this effect, once developments relating to the New Partnership and its implementation mechanisms become clearer, the Executive Secretary of ECA will contact all members of the regional consultations to put into effect the agreed procedures towards the realization of a coherent and collective United Nations response to the New Partnership.

22. ECA will periodically brief CEB and the High-level Committee on Programmes (HLCP) on developments relating to the New Partnership and report to its Joint Conference of African Ministers of Finance and Ministers of Economic Development and Planning on the New Partnership. ECA will also continue to provide various forms of operational and technical support, as required, for the governance mechanisms of the New Partnership.

Global level

23. Over the past few years, the three principal organs of the United Nations, namely, the General Assembly, the Security Council and the Economic and Social Council, have been seized of issues in respect of Africa. In addition to establishing an Open-ended, Ad Hoc Working Group on the Causes of Conflict and the Promotion of Durable Peace and Sustainable Development in Africa, the Assembly has periodically deliberated on the implementation of the New Agenda and has established an Ad Hoc Committee of the Whole to conduct a final review and appraisal of the New Agenda.

24. For its part, the Security Council has held several meetings on the situation in Africa, undertook several fact-finding missions to Africa, held a meeting to discuss the impact of HIV/AIDS on peace and security in Africa and, as mentioned earlier, has established an Ad Hoc Working Group on Conflict Prevention and resolution in Africa (see S/2002/207 for the terms of reference thereof).

25. The Economic and Social Council has devoted a coordination segment and two high-level segments to Africa's development and is now considering the setting up of an ad hoc advisory group on African countries emerging from conflict. All this highlights the importance given to Africa-related issues at the intergovernmental level of the United Nations. To support the implementation of the New Partnership, the current level of intergovernmental engagement and focus on Africa needs to be sustained.

26. Fostering a coordinated and coherent United Nations response at the intergovernmental level to the interrelated issues of peace, security and development in Africa will further enhance the effectiveness and impact of United Nations work in Africa. To advance that process, it has been recommended by the evaluation panel that the Security Council and the Economic and Social Council hold joint meetings periodically, as a means of mobilizing international support for Africa in areas of conflict prevention and resolution, for which the Security Council has the mandate, and of post-conflict economic rehabilitation, reconstruction and development, for which the Economic and Social Council has a unique responsibility. In addition, as part of the United Nations support to the New Partnership, it is recommended that an item on United Nations support for the implementation of the New Partnership should be in the agenda of the General Assembly every year. To aid the Assembly in its deliberations, a report on Africa would be prepared beginning in 2004. This will enable all agencies to report on their work concerning support for the New Partnership.

27. The Office of the Special Coordinator for Africa and the Least Developed Countries is currently responsible for undertaking appropriate advocacy work for Africa at the global level; providing substantive servicing on African development to the

intergovernmental bodies at United Nations Headquarters (Committee for Programmes and Coordination (CPC), the Economic and Social Council and the General Assembly) in their deliberations on Africa, thus facilitating inter-governmental debates and negotiations; acting as the secretariat to the interdepartmental and inter-agency Task Force charged with the follow-up on the recommendations of the Secretary General's 1998 report on the causes of conflict and the promotion of durable peace and sustainable development in Africa; and mobilizing international support, including through promoting South-South cooperation, for the implementation of the New Partnership. The Office of the Special Coordinator also serves as the secretariat of the Panel of High-level Personalities on African Development established in 1992 by the Secretary-General to advise him on the measures that the United Nations could take to encourage and sustain development in Africa.

28. The Secretary-General is in the process of reviewing how the United Nations will provide support to the New Partnership.

IV. Recommendations

29. The terms of reference of the independent evaluation included recommending a new successor arrangement to the New Agenda. **The independent evaluation noted that the New Partnership has emerged as the de facto policy framework for Africa and those committed to Africa's development must help make it work. The New Partnership is therefore recommended as the new development policy framework for Africa, around which the international community, including the United Nations system, should concert its efforts for Africa's development.** Effective implementation holds the keys to the successful implementation of the New Partnership. How the United Nations system would help in the implementation of the New Partnership has been discussed in the preceding section. The present concluding section offers a number of recommendations based on the lessons learned from the New Agenda, with a focus on carefully targeted set of actions by the African countries as well as the international community.

African countries

30. **The first essential task for African countries is to integrate the priorities of the New Partnership into their national development planning frameworks, whether these be the national strategic visions, or the national development plans adopted by the Governments.** This will not only enhance the implementation of the New Partnership but also give practical expression to the national ownership of the New Partnership. **Where a decision has also been made by Governments to pursue some of the priorities in a subregional or regional context, appropriate implementation instruments would have to be developed for such undertakings.**

31. A major lesson from the experience in the implementation of the New Agenda is **the need to establish a focal point for the New Partnership within the governmental structures in African countries. Such a focal point will support the process of integrating the New Partnership priorities into national development plans or strategies, undertake the monitoring of the implementation of the New Partnership, serve as a repository of information and data on New Partnership activities, help in promoting awareness about the New Partnership and foster a coordinated response to the New Partnership by the individual Governments.**

32. Financial commitment to a programme is a major hallmark of ownership and responsibility as well as of the importance attached thereto. **African Governments will need to allocate substantial financial resources from their capital budgets for the programmes of the New Partnership. Such action will at once signal their commitment to and ownership of the New Partnership, while at the same time ensuring its implementation.**

33. The lack of adequate capacity to coordinate external resources — both financial and technical — has emerged as a major issue in the negotiation, delivery and use of aid. There are several aspects to this problem. On the one hand, the limited capacity that exists within African countries is overwhelmed by the multiplicity of missions, reporting procedures and accounting standards that are imposed by various donors. **Africa's development partners can help by reducing the donors' requirements. On the other hand, African countries have to make a special**

effort to strengthen their capacity for aid negotiations and management.

34. African countries have undertaken several commitments in the New Partnership to improving governance and bettering economic management. These commitments have been voluntarily made to underscore Africa's determination to set, and adhere to, generally accepted standards and codes in areas of financial transparency, accountability, protecting the integrity of the monetary system, and banking and financial standards. The establishment of an African Peer Review Mechanism to track progress in complying with these codes will contribute significantly to promoting adherence to the agreed norms by African countries and to identifying capacity needs for individual countries. These are most welcome developments which deserve strong support. **African countries need to commit resources to building the kinds of institutions and developing the technical expertise to effectively manage the peer review process at the national and regional levels.**

35. One of the major underlying factors for the persistently weak performance of African economies is their heavy reliance on primary commodities, as illustrated in the evaluation report. The independent evaluation noted that Africa's export composition confirms its continuous dependence on commodities, with non-oil commodities accounting for 26.6 per cent of Africa's total exports, oil for 54.7 per cent and manufacturers for 18.4 per cent.[6] The consequences of that heavy dependence on commodities have been many and varied: they include the low-level of intra-African trade, the declining share of Africa's exports in world trade, the inability to take significant advantage of market access concessions, and the growing dependence on aid and debt financing, as a result of ever-declining income from exports. **Though the importance of diversification was emphasized in the New Agenda and is fully recognized by African Governments, there has been scant progress in this area, as the cited figures illustrate. African countries must exert great effort towards diversification within the New Partnership, in particular by creating an enabling environment for industrial development.**

International community

36. International support for, and interest in, the New Partnership have been significant. This needs to be buttressed by tangible actions, especially in the areas of trade, aid, debt and capacity-building. In the past few years, a number of initiatives in the area of trade have been enacted by several developed countries to provide better market access for developing countries. African countries will benefit from those initiatives. Moreover, the Doha Development Agenda has laid the foundation for negotiations on a wide range of trade issues. However, it is well known that the post-Doha work programme will impose additional trade negotiations and a rules-compliance burden on African countries. They will therefore require more time to adjust to some of the newly agreed rules, to develop strong trade-related policy-making and negotiating capacity and to invest in building their productive capacity to gain from further liberalization of trade. At the same time, much more needs to be done to eliminate a range of trade barriers that continue to impede Africa's exports, such as subsidies that hinder the export of African agricultural products, tariff peaks and other non-tariff barriers. **A renewed and strengthened commitment by the developed nations to eliminating the various constraints on the export of Africa's processed, semi-processed and agricultural goods will potentially benefit the implementation of the New Partnership. Moreover, enhanced international support for the efforts of African countries to diversify their economies, in particular removing their supply-side constraints, will help Africa to better take advantage of existing market access opportunities.**

37. At the International Conference on Financing for Development held in Monterrey, Mexico, in March 2002, promises of increased ODA were announced by some donor countries. While the new pledges will contribute to reversing the declining trend in aid of recent years, the measures may be insufficient with respect to the magnitude of the tasks in Africa. **Aid to Africa would need to be at least doubled to increase investment in education, health and infrastructures, so as to stimulate productivity and economic growth which are critical factors in poverty reduction. To achieve the desired impact, increased assistance must be complemented by efforts by donors and recipients to improve aid effectiveness.**

38. As regards external debt, there is wide recognition of the need for concerted efforts by the donor/creditor community and the heavily indebted poor countries (HIPCs) themselves, including faster, deeper and broader debt relief under the enhanced HIPC Initiative. In this regard, resources committed to the Initiative should be increased to ensure that the Initiative is fully financed. **The debt sustainability analysis for HIPCs should be based on more realistic projections of export earnings of beneficiary countries.**

39. technical assistance has long been an important component of ODA to Africa. However, a new perspective has been evolving concerning the importance of redirecting resources allocated by bilateral donors for technical assistance to human and institutional capacity-building in Africa. **There is no better time for Africa's development partners to convert technical assistance resources to capacity-building in Africa, to stimulate economic growth and industrial development, than now when the implementation of the New Partnership, an African-owned and African-led programme, is under way.**

V. Conclusions

40. **Africa is at an important turning point, marked by many encouraging trends and developments. The Constitutive Act of the African Union has come into force, paving the way for the transition from the Organization of African Unity to the African Union. Some countries hitherto convulsed by conflict and strife are shaking off that legacy and making the transition to democracy and post-conflict rehabilitation and reconstruction. The launching of the New Partnership reinforces Africa's resolve to chart its development course. The confluence of African leadership and ownership of the New Partnership, the strong expression of support by the international community for the New Partnership and the commitment of the United Nations system to offering a coordinated and coherent response to the needs of the New Partnership provides fresh momentum for Africa's development. The Plan of Action for Africa adopted by the Group of Eight industrialized countries at their Summit in Kananaskis, Canada, in June 2002 represents an important expression of international support for the New Partnership. There is an opportunity to be seized in Africa's development, and African countries and their development partners, including the agencies and organizations of the United Nations system, must seize that opportunity in a creative and collaborative manner.**

Notes

[1] See *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 3* (A/54/3/Rev.1), chap. V, para. 6.

[2] See General Assembly resolution 55/2.

[3] See summary of the conclusions of ACC at its first regular session of 2001 (ACC/2001/4), para. 27.

[4] See summary of the conclusions of ACC at its second regular session of 2001 (ACC/2001/5), para. 8 (c).

[5] The decisions at the annual regional consultation meeting, reflected in this report, draw from the note by ECA entitled "The New Partnership for Africa's Development (NEPAD: recent developments and support by the United Nations system)" (CEB/2002/HLCP/CRP.2) of 25 February 2002.

[6] The report on the independent evaluation of the New Agenda indicates that this export composition existed at the end of the 1990s.